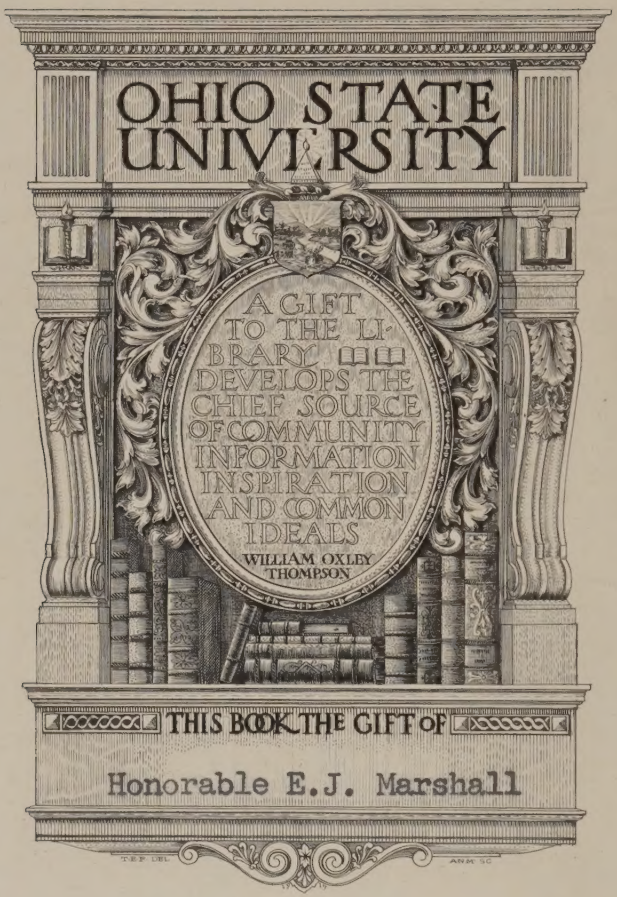
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OHIO STATE
UNIVERSITY
Ohio. Treasury investigating commission

REPORT

OF THE

INVESTIGATING COMMISSION

APPOINTED TO ENQUIRE INTO THE CAUSES OF THE

DEFALCATION IN THE STATE TREASURY,

AND

OTHER MATTERS SPECIALLY NAMED IN THE ACT OF THE GENERAL ASSEMBLY OF THE STATE OF OHIO, PASSED APRIL 12, 1858.

1—Document.

LAW BOOKS
KARL MOG & SON
338 S. HIGH ST.
COLUMBUS, OHIO.

OHIO STATE
UNIVERSITY

HJ 639
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1859

REPORT

OF THE

COMMITTEE ON FINANCE,

ON THE CONDITION OF THE TREASURY.

The committee on Finance respectfully submit the following report in regard to the demands on the general revenue fund, and the available means of meeting these demands:

There has already been appropriated, by House bill No. 78, to pay certain debts of Benevolent Institutions, and new State House --	$359,660 89
To pay balances due for work done and materials delivered for new State House, to March 5, 1856, there is required the further sum of	111,888 10
To pay balances due on public works of the State, Nov. 15, 1855, as per statement of Board of Public Works	111,660 89
General appropriations to support the government and public benevolent institutions for the current year, being amount of general appropriation bill, say	360,000 00
To finish cupola and such apartments in new State House as are required for immediate use, and secure the building from injury, (conjectural)	85,000 00
	$1,028,209 88
Of this gross sum, there has already been paid at the treasury, chiefly on account of appropriations made by House bill No. 78, and for expenses of the General Assembly	342,051 97
Leaving still to be paid	$686,257 91

370361

To meet these demands on the general revenue fund, the following are the means supposed to be available:

1. Balance in the treasury, on the 22d day of March, instant, part of which is in drafts or bills of exchange, believed by the Treasurer to be available at any time	$178,646 83
2. Estimated amount receivable from the Treasurer of Hamilton county for general revenue	66,189 24
3. Estimated amount to credit of the Auditor of State in the various State and independent banks chartered under the act of 1845, set apart by the banks on account of taxes	150,377 60
	$395,213 67
4. There may be transferred from the sinking fund, as estimated by the Auditor of State, after providing for the payment of interest on the debts of the State, and setting apart for the increase of the fund the amount required by the constitution, any sum not exceeding $379,809.32, to make up any deficiency in the general revenue fund. It is proper, however, to observe that the transfer of a large sum from the sinking fund will prevent any considerable reduction of the rate of tax to be levied on the grand duplicate in aid of that fund.	
Transfer from the sinking fund necessary to meet appropriations as above stated	291,044 24
	$686,257 91

The foregoing statement is not claimed to be perfectly accurate, the committee not having in their possession, at this time, the data necessary to perfect accuracy. It however presents such approximate exhibit of the condition of the treasury, and of the claims upon it for the current year, and to pay deficiencies of former appropriations, as will enable the Senate to judge more intelligently as to the propriety of making appropriations for various purposes.

Respectfully submitted,

ALFRED KELLEY,
R. P. BUCKLAND,
R. W. TAYLOR,
FELIX MARSH.

March 25, 1856.

REPORT

OF THE

COMMITTEE ON FINANCE,

RELATIVE TO THE CONDITON OF THE TREASURY.

The committee on Finance, instructed by a resolution of the Senate to inquire into the condition of the Treasury, its funds and accounts, report that they have devoted to the duties assigned them all the time and attention that their other legislative duties would permit, but have found it impossible, during the session, to make that minute examination which so important a branch of the public interest requires, and which would be necessary to arrive at perfect accuracy in regard either to facts or accounts. This, we trust, will be an apology for any errors into which the committee may have fallen in the statements now submitted.

It appears, from the statement of the Treasurer of State, W. H. Gibson, Esq., dated March 14, 1856, herewith submitted, marked A, that there was at that time in the treasury, inclusive of the estimated amount remaining to be paid in (chiefly if not wholly by the treasurer of Hamilton county) the

gross sum of		$1,338,784 45
Composed of money belonging to the general revenue	$491,886 94	
To Sinking Fund	818,894 99	
To School Library Fund	28,002 52	
		1,338,784 45
Deduct over draft of Canal Fund	$22,530 83	
" " " School Fund	10,261 67	
Estimated sum yet to be paid into the treasury	384,600 00	
		417,392 50
Balance in the treasury		$921,391 95

The Auditor, in a statement herewith submitted (marked B.) makes the balance in the treasury, on the 22d day of March, 1856, after deducting over-drafts by

Canal and Common School Funds		$956,957 09 8
Add over-drafts above referred to		82,539 36 4
Total amount		$1,039,496 46 2
Of this sum there was due to the Sinking Fund	$841,467 64 9	
To the District Library Fund	19,381 98 3	
To the General Revenue	178,646 83 0	
		$1,039,496 46 2

The discrepancy between the above statements of the Auditor and Treasurer may probably be accounted for by the facts that the two accounts refer to different dates, and that the difference between the receipts for the intermediate eight days may equal the difference between the two accounts.

It appears from a communication of the Treasurer to the committee, marked C., herewith submitted, in answer to certain inquiries, dated March 28, 1856, that he then held, in checks, drafts, bills of exchange, and certificates of deposit, the gross sum of $296,291 26, which had been held, (with but few exceptions, and for comparatively small sums,) from fifteen days to upwards of two months without having been presented either for acceptance or payment. The committee view this as a loose and irregular mode of managing the finances of the State, and one fraught with great danger of loss.

The committee have reason to believe, viewing the condition of the funds in the treasury, and the large balance due from the late treasurer at the time of giving up his office, the various times when parts of that balance were paid to the present treasurer, and the fact that there still remains a large balance in his hands—that most of the drafts, certificates of deposit, and acceptances now in the treasury, were paid to the present by the late treasurer, and were obtained by him with the understanding, on the part of the parties furnishing the same, that they would not be presented for payment until the demands on the treasury should make it necessary to demand their payment. This may fairly be inferred from the statement of the present treasurer, contained in document C., in which he says: "I have said to bankers that I would notify them, if possible, before using their certificates."

In connection with the foregoing, it may be proper to advert to the fact that of the drafts, certificates of deposit and other evidences of debt held by the treasurer on the 14th day of March, and considered by them as cash, amounting in all to the sum of $296,291 26, nearly one-half, to wit, the sum of $147,048 49, consisted of drafts, &c., of the Seneca County Bank, and of Tomb, Huss & Co. It would seem from the report of Charles Remelin, Esq., who was appointed to examine certain banks, (pages 135 to 139,) that the Seneca County Bank, and Tomb, Huss & Co., are so intimately connected in their financial operations that they may be considered, in regard to these operations as substantially one concern. It also appears that both the late and present treasurers have been, if they are not now interested in that bank.

When we consider these circumstances, and also the fact that an information in the nature of a quo warranto has been filed and is now pending against the bank to test the question whether or not its charter is forfeited, we cannot hesitate to express our decided disapprobation of the selection of that concern as one of the principal depositaries of the public moneys. The suffering of its paper to lie in the treasury without presentation, either for acceptance or payment, is certainly a very unusual and unbusiness-like course, and, under the circumstances, cannot fail to create a suspicion that the paper was procured to pay part of the balance

due from the late treasurer, with the understanding or expectation that payment would not be demanded until the exigencies of the treasury should imperiously require it.

The committee are of opinion that safety demands the immediate presentation of all such paper in the treasury, for payment, or at least for acceptance; and as most of it is drawn on banks and bankers in New York, they recommend that all such paper, payable in New York, be at once transferred and endorsed over to the Commissioners of the Sinking Fund, and be by them immediately presented for acceptance and payment. To accomplish this purpose, the committee herewith report a resolution which they recommend for adoption.

From the accompanying statement of the account of A. A. Bliss, Esq., late treasurer, prepared by Robert Hume, Esq., marked D, it appears that the balance in his hands, at the time of giving over his office to his successor, Mr. Breslin, was $302,115 86 2. Mr. Breslin, as treasurer, subsequently gave Mr. Bliss a receipt in full for the balance due by him, (Bliss,) to the treasury, which receipt does not however specify the amount of such balance. A copy of this receipt, marked E, is herewith submitted.

It appears, from the statement of Mr. Breslin's account by Mr. Hume, marked F, that the balance due the state from Mr. Breslin, on the 15th day of January, 1856, the date of the delivery of his office to W. H. Gibson, Esq., the present incumbent, was $965,703 67 3

To this should be added the fund in the hands of the treasurer to redeem the circulation of the Canal Bank of Cleveland, not included in Mr. Hume's statement 82,830 47 0

Total $1,048,534 14 3

Mr. Gibson, in a communication to the committee, dated March 29, 1856, herewith submitted, marked G, states that he has received at various times, between January 14th, and March 5th, 1856, from his predecessor, Mr. Breslin, the gross sum of $836,101 57, leaving in the hands of Mr. Breslin, on the 29th of March, an unpaid balance of $212,432 57 3.

Had the money of the State been kept in the treasury, or with depositaries of unquestionable solvency and pecuniary ability, the committee can see no reason why this balance should not at once have been paid over by the late treasurer to his successor on the transfer of the office. This, in the opinion of the committee, should in all cases be done, and we are gratified in being able to state that the act passed at the present session positively requires it.

It however appears that large sums of the public money were deposited with, or loaned to companies, individuals or institutions which were not of that high character for pecuniary responsibility that was requisite to make them fit depositaries for moneys so deposited or loaned. The result is that a considerable portion of the funds that should be in the treasury, ready to meet the demands upon it, is at present, to say the least of it, unavailable for that purpose.

There appears to be a balance due from the City Bank of Cincinnati, on account of public moneys deposited in said bank by the late Treasurer, Mr. Breslin, or by his orders, the sum of	$79,811 95
From the Commercial Bank of Toledo on similar account	24,927 03
From Daniel Beckel, (Dayton)	50,785 48
From W. W. Cones & Co., (Cincinnati)	47,799 68
Total (exclusive of interest)	$203,324 14

The City Bank of Cincinnati, as already known to the public, has failed. The committee have not been able, as yet, to obtain any reliable information in regard to the dividend which the bank will be able to pay to its creditors. It is, however, probable that a small portion of this debt may eventually be realized.

Judging from information that the committee deem reliable, the committee believe that the balance due from the Commercial Bank of Toledo will be paid in full, as the assets of the bank, in the hands of receivers, consist mostly of lands, town lots and buildings, or of deferred payments on sales of real and personal property, full payment cannot be safely anticipated in less than two years.

Mr. Beckel has executed a deed of trust of certain parcels of real estate to secure the payment to the State, (or to Mr. Breslin, late Treasurer, in case he shall have discharged his liabilities to the treasury,) of $50,000 of the above stated balance. These payments are, by the conditions of said deeds of trust, to be made by instalments, payable at various times from January 1, 1857, to January 1, 1858, as will appear by documents marked H and I, herewith submitted.

Of the probability of realizing the balance due from W. W. Cones of Cincinnati, who have also failed, the committee cannot speak with confidence. Those who know something of this late company, differ in their estimates of the dividend they will pay, or which may, by legal proceedings, be collected of them. The committee place little reliance on moneys that may be realized from this source.

From the testimony of Henry P. Bowman, Treasurer of Hamilton county, corroborated by that of R. C. Hazlewood, Treasurer elect of the same county, (see documents herewith submitted marked K and L,) it appears that the standing of W. W. Cones & Co. for pecuniary responsibility, at the time of placing the public moneys in their hands by the late Treasurer, or by his orders, was not such as to warrant those transactions without first taking adequate security for the repayment of the large sums of money placed in their hands. There is also reason to believe that part, at least, of the moneys of the State thus put into their hands was used to establish the Kanhawa Bank in Virginia, and to give currency in this State to the paper issued by that bank. It would also seem that the late Treasurer was in some way interested in that bank, although Mr. Cones, who is understood to have been a stockholder in the bank, and who must undoubtedly have known whether or not Mr. Breslin was also a stockholder, declines to answer the question put to him on that point. (See document M.) It is difficult to explain by any other hypothesis the strong interest manifested by Mr. Breslin to sustain the credit of the paper of that bank. When, to these circumstances, we add the declaration on oath of Henry P. Bowman, that "it was understood by him that Cones & Co. and Mr. Breslin were interested in the Kanhawa Bank as part owners," there seems to be little room to doubt that the late Treasurer was interested in the bank, and used the funds of the State to put it in operation, or at least to sustain its credit.

The committee cannot forbear to express their decided disapprobation of the practice of using the public moneys, either directly or indirectly, for purposes of private emoluments, or to build up or foster any private company or institution—more especially one in which any officer or agent having the custody of such moneys may be interested.

Stringent laws of a penal character—combined with frequent and searching examinations by the Legislature or its committees into the management of the moneys and finances of the State seem to be absolutely necessary to prevent great pecuniary losses to the State, and a still greater depreciation of public morals.

Since the examination of the treasury department by a commission created for that purpose about nine years ago, no careful examination of that department ap-

pears to have been made. Years have gone by since there has been even a critical comparison of the books, accounts and vouchers of the Auditor and Treasurer of State. Thus the great object of making the Auditor's office a complete check on that of the Treasurer has for years been rendered entirely abortive. This state of things has resulted more from defective legislation than from neglect of duty on the part of the officers of State ; and it is confidently hoped that the legislation of the present session on this subject will greatly alleviate if it does not entirely cure these evils.

The impossibility of going into a critical examination of all the transactions, book accounts and vouchers of the treasury department, extending through a period of nine years, by a committee of the Senate during its session will at once be seen and acknowledged. Even if ordinary legislative duties did not occupy most of the time and attention of the members of the committee the entire period of the session would hardly suffice to make such an examination. This consideration—the necessity for the investigation—the great inconvenience and enormous expense of keeping the General Assembly in session to await the action of this and one or two other investigating committees, formed one of the strongest arguments in favor of holding an adjourned session of the present General Assembly.

To carry out the views thus expressed, the committee report the two following resolutions, which they recommend for adoption:

ALFRED KELLEY,
FELIX MARSH,
R. W. TAYLOR,
R. P. BUCKLAND.

April 7, 1856.

Resolved by the Senate and House of Representatives, That the Treasurer of State be and hereby is directed to assign over and transfer to the Commissioners of the Sinking Fund as part payment of the money due to said fund for collection, all drafts, bills of exchange and other evidences of debt now in his possession or under his control, payable in the city of New York, and all the moneys and funds of whatsoever description now in the city of New York subject to his draft or under his control ; and it is hereby made the duty of the Commissioners of the Sinking Fund to take immediate possession of all such moneys, funds and evidences of debt, and without delay present for acceptance and payment all such drafts, bills of exchange and other evidences of debt, and deposit all moneys that may come into their hands by virtue of this resolution in some safe depository in said city as required by law.

Resolved, by the Senate and House of Representatives, That there shall be appointed a joint committee consisting of three members, one on the part of the Senate to be appointed by, and two on the part of the House to be appointed by, whose duty it shall be during the recess of the General Assembly to examine the books, accounts, vouchers, records and proceedings of the Auditor of State, the Treasurer of State, the Commissioners of the Canal Fund and of the Sinking Fund during the years last past—and also to examine and take an accurate account of all moneys, funds and evidences of debt of whatsoever description, in or belonging to the State Treasury, or to the Sinking Fund ; and to enable them to perform the duties assigned them they are hereby authorized to employ a competent clerk or accountant for such compensation as they shall deem reasonable, and in case they should find it necessary, to send for and compel the attendance of witnesses, and to examine them on oath—and also to require the production of books and papers; and it shall be their duty to report fully the result of their examinations and proceedings to the General Assembly at the commencement of the adjourned session.

[A.]

W. H. GIBSON'S STATEMENT—March 14, 1856.

Office of Treasurer of State,
March 14, 1856.

Hon. Alfred Kelley, Chairman, &c.,

In reply to your first inquiry I will state that the sum now in the Treasury, besides funds belonging to the Canal Bank at Cleveland, is $921,391 95, and I estimate the net receipts from the counties yet to make settlement, at $384,600 00, so that the aggregate will then be $1,305,991 95, subject to appropriations.

You will find full and detailed answers to your second and third inquiries by reference to schedule "A" hereto attached.

In relation to your fourth inquiry I would state that I hold in trust for the bill holders of the Canal Bank of Cleveland, $82,830 47, and there are no other funds in the Treasury, except those mentioned in schedule "B" hereto appended, which has been prepared with care, and is essentially correct. I had no hesitation in assuming the position that the certificates of moneys paid in issued by the late Treasurer, were not binding upon the State, as I think it clear that no funds can legally reach this department unless certified by the Auditor. My predecessor has provided means, from time to time, to meet these certificates, and but $130,000 are now outstanding. When he fails to place me in funds I will refuse to receive these illegal certificates.

In regard to the drafts, accounts, &c., reported, there is not an item upon which I cannot realize the money in two days, and most of them are held to meet claims held against the State, by the Institutions issuing them. For a part I have arranged to take exchange, unless required to meet the general and special appropriations made and to be made.

Hoping this may be satisfactory, be assured it will afford me pleasure at any hour to furnish any information within my reach or knowledge.

I am, truly,

W. H. GIBSON,
Treasurer of State.

SCHEDULE "A."

Springfield Bank, certificate	$5,000 00	
Champaign Co. Bank do	3,540 25	
W. C. Hedges & Co., Bankers, do	3,000 00	
Marfield's Bank, do	4,100 00	
Dayton Bank, do	2,400 00	
Wick, Otis & Bunnell, do	30,000 00	
Tomb, Huss & Co., Bankers, do	33,949 70	81,989 95
Scioto Valley Bank, Draft on Atwood & Co., N. Y.,	5,000 00	
Seneca Co. Bank, certificates	38,857 81	
Union Bank, do	5,000 00	
Moss Brothers, do	10,000 00	
Ohio Life Ins. & T. Co., Cin., do	5,347 00	
Forest City Bank, do	5,000 00	69,204 51
Franklin Branch Bank, do	48,104 20	
Bartlett & Smith, do	47,305 45	
Exchange Branch Bank, do	28,200 00	
Clinton Bank, do	113,638 00	
Individual checks on Columbus Banks	750 00	
Harper, Ayrs, Roberts & Co., Bankers, drafts on Atwood & Co., N. Y.	5,000 00	
Franklin Branch Bank, certificate payable in exchange	4,191 05	247,188 70
Canfield & Ladd, Bankers, drafts on Atwood & Co., New York	10,000 00	
Seneca Co. Bank, drafts on American Exchange Bank, N. Y.	95,759 40	
Ohio Life Insurance & Trust Co., Cin., O., current account balance	40,675 61	
Messrs. Atwood & Co., N, Y., current ac't balance,	9,237 03	
Salaries advanced public officers	1,575 00	
Advances to State House contractors and for materials	20,592 67	
Drafts of Canal Commissioners for Auditor's warrants	75,690 48	253,530 19
Coin in the vault of Treasury	15,110 60	
Foreign currency in the Treasury	27,354 00	
Ohio currency of specie paying banks and good Ohio	225,591 00	
Counterfeit and depreciated bank bills	1,520 00	269,575 60
Funds of Canal Bank in Ohio currency and change		82,830 00
Aggregate of all funds in the Treasury		$1,004,225 22

RECAPITULATION—SCHEDULE "B."

	Canal Fund.		General Revenue.		Sinking Fund.		School Fund.		Library Fund.	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Acc'ts Jan. 15, 1856, when I took charge of this office..	$47,857 09	$40,658 90	.....	$ 82,510 50	$153,851 18	$125,633 61	.....	$3,489 67	.....	$ 552 36
Transaction with 85 counties	.....	.....	$16,687 42	400,074 43	122,286 72	763,291 89	1,082,816 01	985,714 67	.....	65,697 89
Estima'd net rec'ts from 3 do	.....	.....	.....	107,500 00	.....	179,550 00	.....	83,350 00	.....	14,200 00
Rec'ts & pay't, other sources.	21,999 59	6,666 95	82,635 51	1,124 94	133 51	26,690 90	.....	.....	52,447 73	.....
Total rec'ts & disbursements	69,856 68	47,325 85	99,322 93	591,209 87	276,271 41	1,095,166 40	1,082,816 01	1,072,554 34	52,447 73	80,450 25
Total disbursements by me .	.....	69,856 68	.....	99,322 93	.....	276,271 41	.....	1,082,816 01	.....	52,447 73
Bal'es of the several funds.	.....	22,530 83	.....	491,886 94	.....	818,894 99	.....	10,261 67	.....	28,002 52

RECAPITULATION.

General Revenue unexpended	$491,886 94	
Sinking Fund unexpended	818,894 99	
Common School Fund unexpended	.....	
School Library Fund unexpended	28,002 52	
		$1,338,784 45
Canal Fund, overdraft	22,530 83	
Estimated receipts not in Treasury	384,600 00	
School Fund overdraft	10,261 67	417,392 50
Balance in Treasury subject to appropriations		921,391 95

NOTE.—It will be observed that in this estimate I charge "Sinking Fund" with the $153,851 18 reported suspended by my predecessor. The Canal and School Funds are overdrawn as shown.

[B.]

AUDITOR'S STATEMENT OF FUNDS IN TREASURY, March 22, 1856.

GENERAL REVENUE.

Balance in treasury January 14, 1856	$82,510 51 0
Amount received from 87 counties	436,564 79 0
Amount received from other sources since January 14	1,623 50 0
Total receipts	520,698 80 0
Amount disbursed since January 14	342,051 97 0
Balance, March 22	178,646 83 0

SINKING FUND.

Balance in treasury January 14, 1856	112,579 55 9
" " Virginia Military Fund received	2,270 37 0
Amount received from Doyle & Foster	3,052 50 0
Balance National Road, January 14	106 54 0
Sec. 16—irreducible	43,086 91 0
Ministerial sec. 29—irreducible	1,302 95 0
Connecticut W. R. school—irreducible	2,610 60 0
Balance sec. 16—irreducible, in treasury, January 14	5,893 57 0
Sec. 16—received since January 14	5,283 35 0
Principal Surplus Revenue	38,607 37 0
Interest do	13,977 67 0
Canal, turnpike, and railroad dividends	17,281 64 0
Amount received from 87 counties	719,702 39 0
Total receipts	$965,755 41 9
Amount disbursed	124,287 77 0
Balance March 22	$841,467 64 9

CANAL FUND

Balance in treasury January 14, 1856	$40,658 90 0
" " Western Reserve and Maumee Road—tolls, do	723 04 0
Tolls—Miami and Erie Canal, since January 14	6,434 91 0
" Muskingum Improvement	187 00 0
" Ohio Canal	45 04 0
" Western Reserve and Maumee Road	288 45 0
Total amount of receipts	$48,337 34 0
Amount disbursed	67,721 62 0
Amount of over draft, March 22	$19,384 28 0

STATE COMMON SCHOOL.

Balance in treasury, January 14, 1856	$3,489 67 6
Amount received from 87 counties	1,075,416 25 0
Total amount of receipts	1,078,905 92 6
Amount disbursed to 87 counties	1,142,061 01 0
Overdraft, March 22, 1856	$63,155 08 4

DISTRICT LIBRARY FUND.

Balance in treasury, January 14, 1856	552 36 3
Amount received from 87 counties	71,677 87 0
Total amount of receipts	$72,230 23 3
Amount disbursed to 87 counties	52,848 25 0
Balance in treasury, March 22	$19,381 98 3

RECAPITULATION.

General revenue in treasury, March 22	$178,646 83 0
Sinking fund do do	841,467 64 9
District library fund do do	19,381 98 3
	$1,039,496 46 2

OVERDRAFT, TO WIT:

Canal fund	$19,384 28 0	
State common school fund	63,155 08 4	
		$82,539 36 4
Balance in treasury, March 22, 1856		$956,957 09 8

Hamilton county has not settled.

[C.]

W. H. GIBSON'S ANSWER TO INTERROGATIONS—March 28.

Office of Treasurer of State,
March 28, 1856.

Hon. A. Kelley, Chairman, &c

Dear Sir:—In reply to your note of yesterday I have to state that I am unable to give the dates of the several certificates of deposit, checks, drafts and bills of exchange held by me on the 14th inst.

In disbursements I use these claims as currency, and in the large payments made since that date I have disposed of a large portion of them. I take pleasure in submitting the enclosed statement, showing the date, amount and terms of such as were held by me on the 14th, and are yet in the treasury.

Those I now hold have never been presented for acceptance or payment, but I presume that those disposed of have been "presented and paid," as I indorsed them, and have received no notice of protest for non-acceptance or non-payment. I doubt not they have been promptly paid.

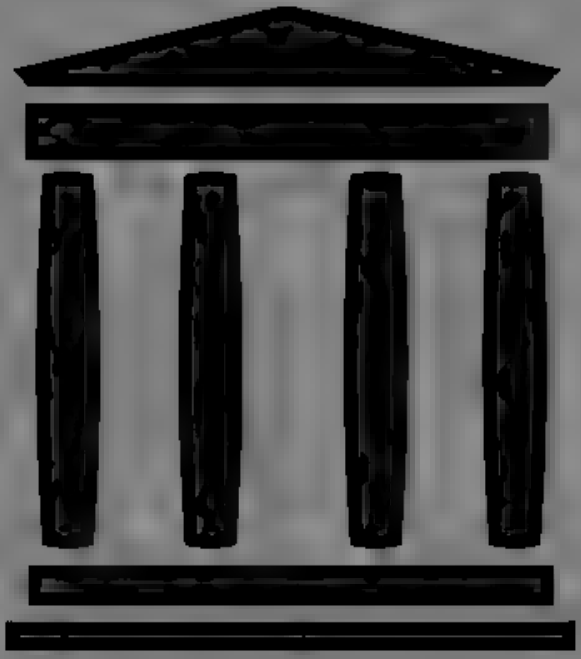
I have never agreed to hold, or been requested to hold any "draft or bill of exchange," before presenting the same for payment for a day or an hour; and have never waived, agreed to waive, or been asked to waive acceptance of any draft or bill of exchange, except in the two instances indicated in the statement enclosed.

I have verbally agreed to hold certain certificates thirty days, as indicated by statement. I had received of my predecessor, Auditor's warrants and certificates of deposit and checks payable at remote points, to collect which would cost the treasury one-half of one per cent. I have received similar claims since I took charge of the office, and to make all available I was forced to do one of two things: either to pay the expense of collection or take banker's certificates therefor, agreeing to hold them thirty days. I did not hesitate to adopt the latter policy. In this way I accumulated some considerable exchange, preferring to hold the drafts of banks I knew to be good, rather than those of which I knew nothing.

I have intended, so soon as I could *act* with knowledge of the state of funds and demands upon the treasury to make arrangements for the necessary exchange to meet July interest. In this I expect to use many certificates now held, but as yet have made arrangements for only $65,000, besides the exchange now held. The cost of all the exchange I now hold has been $83.50 to the State, and I hope to procure the requisite amount upon terms equally advantageous to the State. Every certificate of deposit not designated as "*collection*," I had a right to present for payment on the day of their date, and have never agreed, or been requested to hold them a single day. I have said to bankers that I would notify them, if possible, before using their certificates.

I am, respectfully,

W. H. GIBSON,
Treasurer of State.



Placeholder

Placeholder

SCHEDULE C.—Continued.

	Names of Banks.	Date.	When Due.	Amount.
Cert'ate	Marfield's Bank	March 1, 1856	At sight	$4,100 00
--	Exchange Bank	Feb. 29, 1856	do	5,000 00
--	Bartlett & Smith	Feb. 26, 1856	do	675 00
--	do do	Feb. 29, 1856	do	1,800 00
--	do do	Feb. 5, 1856	do	9,240 00
--	do do	Feb. 8, 1856	do	5,460 00
--	do do	Feb. 28, 1856	Collec'n	6,555 45
--	do do	Feb. 15, 1856	do	3,500 00
--	do do	Feb. 11, 1856	do	5,300 00
--	do do	Feb. 6, 1856	do	2,460 00
--	Franklin Branch	Feb. 19, 1856	At sight	8,598 74
--	do do	Feb. 20, 1856	do	6,380 40
--	do do for exchange	Feb. 2, 1856	do	4,191 65
--	Seneca County Bank	Feb. 8, 1856	do	5,000 00
--	do do do	Feb. 13, 1856	do	3,000 00
--	do do do	Feb. 4, 1856	do	5,347 00
--	do do do	Feb. 13, 1856	Collec'n	13,473 94
--	do do do	Jan. 18, 1856	do	2,500 00
--	do do do	Jan. 21, 1856	do	1,100 00
--	do do do	Jan. 21, 1856	At sight	1,280 00
--	do do do	Feb. 13, 1856	Collec'n	400 00
--	Tomb, Huss & Co	Nov. 23, 1856	At sight	616 07
--	do do	Nov. 20, 1856	do	875 00
--	do do	Nov. 16, 1856	do	649 00
--	do do	Nov. 28, 1856	do	629 63
--	do do	Feb. 13, 1856	do	4,200 00
--	do do	Feb. 13, 1856	Collec'n	5,000 00
--	do do	March 11, 1856	At sight	11,980 00
--	do do	Feb. 13, 1856	do	5,000 00
--	do do	Feb. 13, 1856	Collec'n	5,000 00
--	W. C. Hedges & Co	March 10, 1856	At sight	3,000 00
--	Springfield Bank	March 6, 1856	do	5,000 00
Draft.	Scioto Valley B'k on Atwood & Co., New York	March 4, 1856	60 days	5,000 00
--	Clinton Bank (acceptance waived), on Atwood & Co	Feb. 4, 1856	May '56	60,000 00
--	Seneca County Bank, on American Exchange Bank, N. Y.	Feb. 4, 1856	At sight	4,925 19
--	do do do	Jan. 21, 1856	do	5,000 00
--	do do do	Jan. 31, 1856	do	5,000 00
--	do do do	Jan. 31, 1856	do	5,000 00
--	do do do	Feb. 12, 1856	do	11,052 46
--	do do do	Jan. 11, 1856	do	5,000 00
--	do do do	Jan. 11, 1856	do	5,000 00
--	do do do	Jan. 10, 1856	do	5,000 00
--	do do do	Jan. 10, 1856	do	5,000 00
--	do do do	Jan 10, 1856	do	5,000 00
--	do do do	Jan. 31, 1856	do	5,000 00

SCHEDULE C—Continued.

	Names of Banks.	Date.	When Due.	Amount.
Draft.	Seneca County Bank on American Exchange Bank, N. Y.	Feb. 4, 1856	At sight	5,000 00
--	do do do	Feb. 4, 1856	do	5,000 00
--	Harper, Ayrs, Roberts & Co., Atwood & Co, N. Y	Feb. 12, 1856	do	3,000 00
--	Canfield & Ladd	Feb. 14, 1856	do	10,000 00
--	Seneca County Bank on Moss Brothers	Feb. 13, 1856	do	5,000 00
--	do do Union Bank	Feb. 13, 1856	do	5,000 00
				$296,291 26

[D.]

OVER-DRAFTS TO THE CREDIT OF ALBERT A. BLISS, LATE TREASURER OF STATE, JANUARY 12, 1852, to wit:

Muskingum Improvement—Contracts and repairs	$3,490 74 0
Ohio Canal—Awards and damages	150 00 0
do Contracts and repairs	14,999 63 0
do Unrestricted fund	721 10 0
Hocking Canal—Unrestricted fund	200 00 0
do Contracts and repairs	1,899 22 0
Walhonding Canal, " "	770 50 0
Miami & Erie Canal, " "	56,718 00 0
do Unrestricted fund	650 00 0
Contingent Fund Board Public Works	1,200 00 0
Canal Fund	319,085 39 8
Revenue	271,446 57 9
Domestic interest	3,170 27 0
New State House fund	123 08 0
	$674,624 51 7

Balances to the debt of A. A. Bliss, late Treasurer of State, January 12th, 1852, to wit:—

Surplus Revenue, (principal)	$43,132 11 0	
State common school fund	41,247 84 4	
Muskingum Improvement—awards and damages	489 85 0	
Expenses Fund Commissioners	747 55 0	
Surplus revenue, interest fund	1,612 94 2	
National Road fund	2,337 00 0	
Wabash and Erie canal land fund	3,984 59 0	
Miami Extension canal land fund	11,743 68 0	
School section sixteen, (irreducible)	1,587 14 0	
Virginia Military School fund, do	3,409 98 0	
Three per cent. road fund	24 70 5	
Ohio turnpike	616 28 0	
Miami Canal Extension land bonds	7,926 00 0	
Faith and credit bonds	1,304 50 0	
Miami and Erie canal—awards and damages	1,399 59 0	
Ohio Lunatic Asylum fund	5,805 88 0	
		$127,369 63 9
Balance to credit of A. A. Bliss, Jan. 12, 1852		$547,254 87 8

SCHEDULE—Continued.

A SCHEDULE of Outstanding Certificates of Deposit issued by A. A. BLISS, *Treasurer of State, and Redeemed by* JOHN G. BRESLIN, *Treasurer of State.*

No. Cert.	Names of Treasurers.	Counties.	Amount.
4	George Harper	Wyandot	$2,090 00 0
5	Charles Hetick	Crawford	3,500 00 0
6	S. Sutton	Putnam	-
7	John Underwood, Jr.	Logan	2,565 00 0
8	A. Conn	Richland	4,125 00 0
9	C. Lee	Union	1,737 29 0
10	A. Power	Wayne	7,990 00 0
11	—— ——	Henry	12 40 0
12	Charles Hetick	Crawford	4,000 00 0
13	H. Hunt	Carroll	7,000 00 0
14	Wm. Crumley	Clinton	2,000 00 0
15	John D. White	Brown	1,000 00 0
17	—— ——	Jackson	1,500 00 0
19	John Bates	Wood	4,559 55 0
20	George Harper	Wyandot	3,000 00 0
22	E. Fouts	Morgan	3,000 00 0
24	Thomas Holmes	Licking	9,200 00 0
25	C. Lee	Union	1,600 00 0
26	—— ——	Adams	5,700 00 0
27	A. Dodds	Hardin	1,997 21 0
28	John Bates	Wood	25 00 0
29	H. Hempstead	Pike	1,969 74 0
30	Thomas Holmes	Licking	5,050 00 0
31	J. D. Loomis	Hocking	700 00 0
32	Thomas Arneal	Guernsey	5,000 00 0
33	—— ——	Trumbull	10,000 00 0
34	J. Mooney	Jefferson	10,000 00 0
35	J. Leiby	Franklin	10,000 00 0
36	J. Hambleton	Lawrence	1,010 00 0
37	John D. White	Brown	7,000 00 0
38	O. Branch	Meigs	657 87 0
39	—— ——	Mercer	82 28 0
40	John Underwood, Jr.	Logan	1,421 40 0
41	W. A. Athey	Madison	11,029 39 0
42	Jacob Morris	Warren	15,000 00 0
43	John Kelley	Belmont	16,000 00 0
44	Robert Black	Gallia	2,500 00 0
45	Wm. P. Wheeler	Coshocton	5,090 00 0
46	Wm. McElvain	Fayette	4,705 00 0
47	A. R. Caldwell	Champaign	10,100 00 0
48	Henry S. Lewis	Ross	19,000 00 0
49	John Dillon	Muskinnum	9,090 00 0
50	H. Debolt	Hamilton	90,000 00 0
51	S. Davidson	Montgomery	5,000 00 0
52	do	do	3,000 00 0

SCHEDULE—Continued.

No. Cert.	Names of Treasurers.	Counties.	Amount.
53	H. Hunt	Carroll	1,000 00 0
54	S. B. Williams	Clark	22,000 00 0
55	B. F. Senzee	Mercer	
56	E. E. Husted	Huron	10,000 00 0
57		Fairfield	20,000 00 0
58	S. A. Tisdal	Lake	7,000 00 0
59	A. R. Colwell	Champaign	4,040 00 0
60	J. Underwood, jr.	Logan	3,000 00 0
61	A. Trader	Greene	10,075 00 0
62	S. E. Fouts	Morgan	3,000 00 0
63	John Dillon	Muskingum	9,090 00 0
	J. W. Lybrand	Knox	14,000 00 0
64	B. Senzee	Mercer	2,550 00 0
65	H. Debolt	Hamilton	30,000 00 0
66	George Knup	Seneca	15,000 00 0
67	John B. Wilbur	Erie	10,100 00 0
68	J. T. Green	Portage	16,000 00 0
69	J. B. Beckwith	Medina	7,710 03 0
70	George C. Dodge	Cuyahoga	20,000 00 0
71	A. Conn	Richland	10,000 00 0
72	Isaac Harpster	Holmes	2,000 00 0
73	S. D. Hinman	Lorain	10,000 00 0
74	Wm. Murphy	Shelby	8,672 25 0
75	A. Teter	Clermont	11,000 00 0
76	A. L. Gitteau	Washington	6,000 00 0
77		Mahoning	12,120 00 0
78	F. Wodsworth	Summit	15,000 00 0
79	S. Thomas	Morrow	5,586 47 0
80	W. Williams	Delaware	7,000 00 0
81	Jacob Knoop	Miami	20,200 00 0
82	Isaac Harpster	Holmes	8,000 00 0
83	S. E. Fouts	Morgan	3,000 00 0
84	Richard Wilson	Marion	3,500 00 0
85	P. R. Spencer	Ashtabula	10,000 00 0
86		Mahoning	3,030 00 0
87		Harrison	10,100 00 0
88	W. P. Wheeler	Coshocton	2,000 00 0
89		Hancock	6 63 0
90	John Dillon	Muskingum	4,040 00 0
91	A. Trader	Greene	2,015 00 0
92	R. L. Barcroft	Harrison	1,900 00 0
93	P. R. Spencer	Ashtabula	13 31 0
94	Wm. M. McReynolds	Highland	10,000 00 0
95	Jno. Dillon	Muskingum	4,040 00 0
96	John Marsh	Preble	10,000 00 0
97	John Kelley	Belmont	5,000 00 0
98	S. Davison	Montgomery	3,000 00 0
99	Richard Wilson	Marion	2,000 00 0

SCHEDULE—Continued.

No. Cert.	Names of Treasurers.	Counties.	Amount.
100	C. P. Chandler	Scioto	4,000 00 0
101	Hallem Hempsted	Pike	1,572 32 0
102	W. Athey	Madison	970 61 0
103	N. Power	Wayne	8,999 00 0
104	L. Parcher	Lucas	3,000 00 0
105	T. K. Jacobs	Allen	3,000 00 0
106	H. Hempsted	Pike	1,314 61 0
107	Z. Fitch	Trumbull	10,100 00 0
108	R. Gilliland	Van Wert	703 56 0
109	John D. White	Brown	6,000 00 0
110	W. P. Wheeler	Coshocton	2,000 00 0
111	S. E. Fouts	Morgan	2,500 00 0
112	W. P. Wheeler	Coshocton	3,000 00 0
113	E. Sailesbury	Monroe	7,500 00 0
114	Charles Hetick,	Crawford	1,000 00 0
115	John Bates	Wood	55 06 0
116	William Dodd	Henry	582 27 0
117	John Bates	Wood	44 00 0
118	Jno. Boyd	Ashland	2,642 86 0
119	W. D. Morgan	Columbiana	7,050 00 0
120	H. Hempsted	Pike	1,206 81 0
121	Wm. Murphy	Shelby	70 00 0
122	C. Lee	Union	500 00 0
123	Wm. Crumley	Clinton	5,500 00 0
124	John Buthler	Tuscarawas	15,000 00 0
125	John Buthler	do	100 00 0
126	S. D. Hinman	Lorain	200 00 0
127	R. Black	Gallia	2,500 00 0
128	Wm. P. Wheeler	Coshocton	759 69 0
129	C. H. Foot	Geauga	5,994 00 0
---	Deposite Athens Branch Bank	Athens	5,000 00 0
---	——— Campbell	Pickaway	12,000 00 0
---		Noble	3,940 00 0
---	S. M. Staddam	Stark	20,000 00 0
---	O. Branch	Meigs	3,903 57 0
168		Belmont	100 00 0
169		Delaware	1,000 00 0
162		Jackson	500 00 0
165		Mercer	9 00 0
167	James George, Collector Tolls		257 56 0
	Total am't of outstanding certificates		$849,370 74 0

RECAPITULATION.

Balance to the debit of A. A. Bliss, late treasurer	$127,369 63 9
Amount of outstanding certificates	849,370 74 0
Total amount to A. A. Bliss, late treasurer, debit	$976,740 37 9
Balances to A. A. Bliss, late treasurer, credit	674,624 51 7
Total balance to Bliss, debit, January 12, 1852	$302,115 86 2

[F]

A LIST of balances to the debit of JOHN G. BRESLIN, *Esq., late Treasurer of State, as per Books in Treasury Office, January* 14, 1856, *viz:*

Revenue	$82,510 51 0
State common school fund	3,489 67 6
School library fund	552 36 3
Virginia military school fund—reducible	2,270 37 0
Section sixteen—irreducible	5,893 57 0
Canal fund	40,658 90 0
Sinking fund	112,579 55 9
Canal and turnpike dividends	1,451 50 0
National Road fund	106 54 0
Western Reserve and Maumee Road fund	723 04 0
Three per cent. road fund	2,609 03 5
Total	$252,845 06 3

A LIST of Overdrafts to the credit of JOHN G. BRESLIN, *Esq., late Treasurer of State, as per Books in the Treasury Office, January* 14, 1856, *to wit:*

Contingent fund Board of Public Works	648 36 0
Repairs northern division Ohio canal	7,049 12 0
do middle do do	3,487 72 0
do Hocking canal	1,468 84 0
do Muskingum Improvement	795 02 0
Lock gates do do	3,774 28 0
Salaries and expenses middle division Miami and Erie canal	375 00 0
do do south do do do	300 00 0
Repairs middle division do do	11,186 42 0
do north do do do	4,321 55 0
Locks middle do do do	307 00 0
Awards, &c, middle division do do	90 00 0
Salaries, &c., middle division Ohio canal	534 66 0
do south do do	48 82 0
do north do do	237 50 0
do Muskingum Improvement	645 00 0
Rebuilding chords Circleville aqueduct	31 27 0
do lock-house, Devol's dam	121 47 0
Repairs south division Miami and Erie canal	5,515 91 0
Bottoming Lancaster side-cut	266 64 0
Engineer to gauge surplus water	500 00 0
Repairing locks southern division Miami and Erie canal	500 00 0
New work northern do do do	1,724 18 0
Awards of damages northern division do do	25 00 0
Culvert Hocking canal	316 20 0
Repairs south division Ohio canal	3,587 13 0
Total	$47,857 09 0

A SCHEDULE of outstanding Certificates of Deposit issued by JOHN G. BRESLIN, *Treasurer of State, and Redeemed by* W. H. GIBSON, *Treasurer of State.* [*B.*]

No. Cert.	Names of Treasurers.	Counties.	Amount.
1	John P. Drennen	Richland	$200 00
2	D. Yarnall	Henry	74 92
3	J. F. R. Sebring	Sandusky	2 66
4	Daniel Bitler	Auglaize	1,016 30
5	B. Huber	Hancock	21 29
6	O. Branch	Meigs	192 93
7	Isaac Springer	Fulton	6 65
9	Joshua Marshall	Union	50 69
10	J. F. R. Sebring	Sandusky	11 93
11	D. Yarnall	Henry	18 00
12	Isaac Springer	Fulton	5 52
13	S. R. Hudson	Defiance	28 95
15	Daniel Bitler	Auglaize	24 50
16	same	same	10 19
18	Stephen Gleason	Van Wert	239 28
19	A. Patterson	Miami	12,000 00
20	T. R. McClure	Putnam	1,000 00
21	Isaac R. Calahan	Gallia	3,000 00
22	Daniel Bitler	Auglaize	190 00
23	O. Branch	Meigs	671 53
24	H. Payne	Vinton	373 60
28	H. Hooper	Mahoning	12,060 00
29	D. Yarnall	Henry	13 22
30	Jesse Burnett	Fayette	6 81
31	S. Spink	Wood	61 13
32	William Lockwood	Lake	6,000 00
33	S. Spink	Wood	88 54
34	John Duncan	Shelby	2,700 29
35	Joshua Marshall	Union	45 29
36	Cyrus H. Coy	Lucas	9 08
38	David Carlin	Wayne	17,042 50
39	S. R. Hudson	Defiance	1,696 91
40	Thomas Ewing	Licking	14,000 00
41	F. B. Dickason	Jackson	154 98
42	John Gregg	Pike	7 84
43	Thomas Ghromley	Ross	3 17
44	John Cook	Scioto	27 68
45	Joshua Hamilton	Lawrence	316 12
46	Joel Haskins	Meigs	69 49
47	A. L. Gitteau	Washington	12 53
48	Benj. Linzee	Mercer	30 29
50	L. Demoss	Coshocton	3 07
52	E. Graybill	Fairfield	2 53
53	J. C. Toole	Hocking	7 08
54	U. R. Feather	Stark	19,950 00

SCHEDULE—Continued.

No. Cert	Names of Treasurers.	Counties.	Amount.
55	Joshua Marshall	Union	$4,000 00
56	T. B. Dickason	Jackson	46 10
57	John Duncan	Shelby	2.300 35
58	Thomas C. Fernald	Erie	7,810 00
59	H. P. Bowman	Hamilton	80,000 00
60	S. B. Williams	Clark	15,037 50
61	J. P. Drennen	Richland	10,050 00
62	B. Baker	Greene	10,050 00
63	T. Ghromley	Ross	15,000 00
64	John Gregg	Pike	2,493 72
65	S. R. Hudson	Defiance	26 36
66	Smith Thomas	Morrow	5 72
67	A. Hockett	Clinton	8 54
68	E. S. Goodwin	Lorain	6 40
69	Isaac Stiers	Muskingum	3 51
70	S. Spink	Wood	3,000 00
71	J. P. Johnson	Harrison	7,010 00
72	Smith Thomas	Morrow	5,001 00
73	D. Yarnall	Henry	5 53
75	J. P. Drennen	Richland	4,429 59
76	L. Demoss	Coshocton	3,015 00
77	R. J. Bennett	Brown	14,000 00
78	A. Sharp	Marion	10 00
79	Charles Green	Portage	12,060 00
80	T. B. Dickason	Jackson	1,047 17
81	Geo. H. Hunming	Seneca	12,000 00
81	R. S. Banks	Paulding	182 55
82	J. M. Hazlepp	Trumbull	12,000 00
83	J. Hambleton	Lawrence	2,000 00
84	James McKhann	Darke	7,000 00
85	H. Chamberlin	Delaware	10,000 00
86	Geo. C. Dodge	Cuyahoga	20,000 00
87	B. Linzee	Mercer	7 22
88	W. A. Athey	Madison	7,000 00
89	B. Huber	Hancock	4,000 00
90	U. P. Leighton	Hardin	2,562 80
91	J. F. Campbell	Noble	2,000 00
92	S. Potts	Guernsey	6,030 00
93	Josiah Kennison	Morgan	6,000 00
94	J F. Feller	Huron	12,000 00
95	Joel G. Rockhill	Warren	16,040 00
96	John W. Snyder	Butler	20,000 00
97	U. R. Feather	Stark	50 00
98	E. S. Goodwin	Lorain	13,062 50
99	J. Crall	Ashtabula	8,040 00
100	O. P. Hines	Franklin	20,000 00
101	O. Branch	Meigs	3,000 00

SCHEDULE—Continued.

No. Cert.	Names of Treasurers.	Counties.	Amount.
102	H. Sisler	Summit	$15,000 00
103	John R. Stephens	Preble	12,060 00
104	J. F. R. Sebring	Sandusky	4,992 61
105	S. A. Smith	Ottawa	1,496 28
106	F. Kochler	Monroe	6,000 00
107	Thomas Johnson	Belmont	15,000 00
108	Wm. Smith	Champaign	12,060 00
109	J. Underwood, Jr	Logan	7,035 00
110	J. B. Moore	Pickaway	15,093 75
111	B. Linzee	Mercer	2,000 00
112	David Clark	Montgomery	20,100 00
113	Otto Fieldner	Crawford	7,208 80
114	Daniel Fenwick	Highland	11,000 00
115	Daniel Bitler	Auglaize	90 00
116	A. Sharp	Marion	6,980 00
117	Isaac Steirs	Muskingum	20,100 00
118	L. Demoss	Coshocton	3,015 00
119	A. Shelley	Jefferson	10,000 00
120	Jesse Burnett	Fayette	5,000 00
122	Edward Graybill	Fairfield	18,000 00
123	George Williams	Perry	8,500 00
124	A. Hockett	Clinton	5,000 00
125	B. Huber	Hancock	55 60
126	A. L. Gitteau	Washington	7,000 00
127	John Moodey	Carroll	6,000 00
128	S. Gleason	Van Wert	4 60
129	S. Gleason	do	2,490 00
130	A. A. Wright	Ashtabula	10,000 00
131	T. R. McClure	Putnam	229 60
132	R. L. Banks	Paulding	15 00
133	John Duncan	Shelby	20 30
134	U. P. Leighton	Hardin	88 90
135	Henry Payne	Vinton	15 30
136	George Moore	Adams	5,000 00
137	J. H. McFarland	Knox	12,060 00
138	Jackson Selcott	Holmes	5,000 00
139	Samuel Blanchard	Lucas	4,440 00
140	J. S. Wright	Geauga	6,000 00
141	Daniel Bitler	Auglaize	1,169
142	George C. Dodge	Cuyahoga	4,570
143	W. Armstrong	Allen	3,970
144	J. Ellsberry	Clermont	14,000
145	T. R. Hudson	Defiance	15
	Total		$760,715

RECAPITULATION.

Amount to J. G. Breslin, late Treasurer of State, debit	$252,845 06 3
Amount of John G. Breslin, late Treasurer of State, certificates	760,715 70 0
Total amount of Breslin, debit	$1,013,560 78 3
Overdraft to Breslin, credit	47,857 09 0
Balance to Breslin, debit	$965,703 87 3

[G.]

STATE TREASURER'S OFFICE,
Columbus, March 29, 1856.

HON. A. KELLEY, *Chairman, &c.:*

Dear Sir: — Below find statement of the gross and several sums of money paid me by Jno. G. Breslin, Esq., late Treasurer, on account of balances due from him:

January	14, 1856	$223,791 02		
do	15, do	24,703 92		
do	16, do	75,200 25		
do	18, do	59,977 08	$383,672 27	
February	6, do	29,345 82		
do	9, do (Depreciated)	1,520 00		
do	9, do	50,737 62		
do	12, do	2,616 45		
do	16, do	6,278 46	90,498 35	
do	16, do	35,634 57		
March	3, do	174,917 20		
do	5, do	151,379 18	361,930 95	
Total amount			$836,101 57	

This includes *all* that I have received from the late Treasurer up to this date. There is yet outstanding $80,000 of his certificates, held by the Treasurer of Hamilton county. In the gross receipts, I have included the redemption fund of the Canal Bank of Cleveland.

I am, respectfully,

WM. H. GIBSON,
Treasurer.

[H.]

DANIEL BECKEL'S TESTIMONY.

DAYTON, March 20, 1856.

A. KELLEY, Esq. — *Dear Sir:* Herewith please find copy of agreement alluded to in my deposition.

I have been very busy, but will endeavor to forward memorandum of accounts by next mail.

Yours, truly,

DAN'L BECKEL.

1. *Question*—Please state the character of the monetary transactions between the late Treasurer of State, J. G. Breslin, Esq., and yourself, inclusive of such transactions with the Miami Valley Bank?

Answer—The transactions were of an ordinary banking character. The collectors of tolls, at several points on the Miami and Erie canal, were instructed to deposit with the bank or myself; we paying express charges, and furnishing exchange on New York without charge. The general character of the transactions are indicated by a memorandum of account, herewith submitted, marked "A."

2. *Question*—Did the bank, or did you, either verbally or in writing, agree to pay any interest or consideration of any kind for or on account of the deposit of the moneys of the State with the bank or with you, or was there any understanding that any compensation or consideration should be made or given for such deposits; and if aye, state particularly the kind or amount of such consideration made or to be made?

Answer to question 2—The only consideration for the use of the deposit was that alluded to in the answer to 1st question, that is the express charges, furnishing exchange without charge, and payment of Canal Commissioners' checks in gold when required. We at times made advances for canal repairs in anticipation of receiving canal tolls soon after. It was a question to me whether the account did not cost in expense, express charges, exchange and risk of bringing money from Defiance and other remote points, more than it was worth. We never paid any thing else for the use of those funds.

3. *Question*—Were the drafts drawn by the bank or by you on the east, or any of them, made with any agreement or understanding that they should not be immediately presented for acceptance or for payment, and if so to what extent, and to what drafts did such agreement apply?

Answer—It was understood that the balances in bank in June and December would be required in drafts on New York. There may have been a few drafts that it was not expected would be presented until required to pay interest. I have no idea what they would amount to, if any.

4. *Question*—Was there at the time of your failure or suspension, a balance due from you to the treasurer or the treasury of State; if aye, what was the amount of that indebtedness?

How did it occur?

Has it since been paid? If so, to whom, and in what manner? State particularly and in detail the items of payment.

Answer—Mr. Breslin held a certificate of deposit for fifty thousand dollars ($50,000) issued by me. There was also a balance of book account amounting to seven hundred and eighty-five dollars and forty-eight cents, ($785.48) as per memorandum of account, marked "A."

The certificate was for balance of moneys received of him to procure exchange on New York. Both amounts have been arranged with Mr. Breslin—the certificate by placing property in trust as collateral, as appears by the copy of agreement herewith, marked "B." The bank stock and real estate specified in that agreement, I value at fifty thousand dollars, and have no doubt but that I shall be able to make the payments promptly, as required by that agreement.

DAN'L BECKEL.

[I.]

DEED OF TRUST BY D. BECKEL.

[Copy of Agreement "B."] — Whereas, John Mills has this day received a conveyance from William Dickey and Reuben D. Harshman, assignees of Daniel Beckel, and also from said Beckel and wife, of the in-lot in Dayton, No. 146, and the east one third, of the west half, of in-lot No. 135, in said city, and has also received a transfer from said Beckel and wife, and Beckel and Spinning, of twenty-six thousand dollars of the stock of the Dayton Bank, in all. Now, this is to witness that said conveyance and transfer are made upon settlement by the assignees aforesaid and said Beckel, with John G. Breslin, of a certificate of deposit for $50,000 of said Beckel, held by said Breslin, and that they are made to said Mills upon trust, as follows: Said Beckel agrees and binds himself to pay to the acting Treasurer of State, ten thousand dollars, ($10,000,) January 1, 1857; five thousand dollars ($5,000) between January 1, and July 1, 1857; fifteen thousand dollars, July 1, 1857; five thousand dollars between July 1, 1857, and January 1, 1858, and fifteen thousand dollars January 1, 1858; or if said Breslin shall have accounted with the State Treasury, and satisfied any and all claims which the State may have on account of said certificate, and if such claim of the State shall be released and fully discharged as against said Beckel and his said assignees, then Beckel is to make such payment to said Breslin, or such person as he shall designate: Now said Mills holds said real estate and bank stock as a security for such payments to be made by Beckel, and upon such payments being made, shall reconvey and re-transfer to said Beckel, or such person as he shall name, said real estate and stock, or any residue in his possession. Said Mills, under the direction of said Beckel, is to sell said bank stock as soon and as rapidly as may be judicious and practicable, and discreet, and the proceeds to be applied to the payments first falling due, whether the same be due at the time said proceeds are realized or not. Said Mills is to take and hold possession of said real estate from and after April 1, 1856, and to receive the rents and profits from that day and thereout to pay insurance, taxes, and necessary repairs, and apply the balance to the payments aforesaid. If said Beckel shall fail to make payments as aforesaid, said Mills shall sell and dispose of such stock and real estate, or so much thereof as may be necessary to make the payments due, resorting first to the stock and afterwards to the real estate, and he shall apply the proceeds to such payments. All payments made by him, to be to the State treasurer, or Breslin, upon the same conditions hereinbefore mentioned.

[Signed] DAN'L BECKEL.

John Mills, *Trustee.*

March 13, 1856.

[K.]

TESTIMONY OF HENRY P. BOWMAN, TAKEN BEFORE THE COMMITTEE OF THE SENATE.

1st Question by Committee.—Please state the character and facts relating to the deposits of moneys belonging to the State by you as treasurer of Hamilton county; stating particularly the amount and date of each deposit; by whose order made, and all the facts and circumstances touching the same, within your knowledge.

Answer, Nov. 15th, 1854.—The first payment made by me as treasurer of Hamilton county, to John G. Breslin, treasurer of State, was $35,986 87, as per letter inclosing receipt, marked A. This was an arrangement of Mr. Breslin and Mr. Cones, being the taxes charged on duplicate against the Trust Company Bank for the year 1854. I received the treasurer of State's receipt for the same, being assured that it should be on account of his demand for interest funds which he would require of Hamilton county for the purpose of aiding in the payment of the interest on the State debt.

Dec. 20.—The next payment was $50,000, being the requisition for interest funds in addition to the amount already paid, (see paper marked B.,) which was paid to Mr. Cones. He presented Mr. Breslin's receipt, or certificate, which I paid to him, which was in accordance to an arrangement previously entered into between Mr. Breslin and Cones, as Cones informed me.

March 23.—The next transaction I had with the treasurer of State, was the payment of $150,000, which was paid to him as follows: A certificate of deposit for $70,000, being an amount previously arranged and agreed upon between Breslin and Cones, as I was informed by Cones, and afterwards the same was confirmed by Breslin, I having some time in January wrote to Breslin to ascertain if he had made any arrangement for the residue of the State funds as to when and how he wanted them—his answer, see paper marked C. Subsequently Mr. Cones called on me and told me that Breslin had written a letter to him, at the same time showing the letter to me, desiring me to place this amount ($70,000) in the hands of W. W. Cones & Co., stating the reason was that he wished him to make arrangements for the purchase of exchange; saying if Breslin went into the market for that purpose it would cause it to go up. Having confidence in what Cones told me, and from previous transactions, I made the arrangement accordingly, which was afterwards confirmed by Mr. Breslin. Also, at the same time I paid Breslin $21,000 in Kanawha bank paper or bills, which Mr. Cones informed me was an arrangement between him and Mr. Breslin, and the same was satisfactory to him when paid over; the residue ($59,000) was paid by a check on the Trust Company, making $150,000, which he gave a receipt or certificate, and afterwards received on final settlement, April 9th, 1853.

In relation to the Kanawha paper, I have only to say that it was understood by me that Cones & Co. and Mr. Breslin were interested in the Kanawha bank as part owners; that Cones & Co. were engaged in protecting the circulation of the bank in Cincinnati; that the $21,000 I paid over to Mr. Breslin was received by me through Mr. Cones, with the understanding that Mr. Breslin was to receive the same, and that transaction was for the purpose of protecting the circulation, as I understood it. I had no interest whatever in the Kanawha bank.

2d Question.—From your knowledge of the pecuniary responsibility of W. W. Cones & Co., at the times the moneys deposited with them by direction of the treasurer of State, would you have considered it safe to have made said deposits

with them?—would you have deposited with them like sums on your own responsibility?

Answer.—From my knowledge of the firm of W. W. Cones & Co., and their business relations, I should not have made such deposits which were made, on my own responsibility. I deposited to some extent with them, but required them to secure me, which they did by Mr. Cones executing a mortgage on real estate to the amount of $20,000. My deposits outside of the arrangements of the treasurer of State, I do not think at any time exceeded the security that I held. As to the balance of the transactions, I have made them all through the Trust Company.

HENRY P. BOWMAN.

THE STATE OF OHIO, Franklin county, *ss:*

The deponent, Henry P. Bowman, whose signature is appended to the foregoing deposition, was by me sworn according to law, to answer truly such interrogations as should be to him propounded by a committee of the Senate of Ohio, in respect to such matters as they should inquire of him.

Given under my hand this 20th day of March, A. D. 1856.

JOHN G. MILLER,
Justice of the Peace in and for the said county.

OHIO STATE STOCK BANKS.

The public are advised by the following letter of the security of Ohio State stock bank notes:

TREASURY OFFICE,
Columbus, O., Nov. 11, 1854.

W. W. CONES, Esq.—*Sir:* In answer to your inquiry, I reply that the notes of the Miami Valley Bank, Canal Bank of Cleveland, Savings Bank of Cincinnati, City Bank of Columbus, and all other Ohio stock banks, will be received for taxes, and all other public dues, at this office, as heretofore. These notes are abundantly secured by the pledge of Ohio and United States stock in the offices of the Auditor and Treasurer of State, which stocks are still commanding a premium in New York. No bill-holder need necessarily lose anything by Ohio stock paper.

Very respectfully, yours, &c.,

J. G. BRESLIN,
Treasurer of State.

[A.]

TREASURY OFFICE, OHIO
Columbus, Nov. 16, 1854.

H. P. BOWMAN, Esq., *Treasurer of Hamilton Co., Cincinnati, Ohio:*

Dear Sir—We inclose herewith our receipt for thirty-five thousand nine hundred eighty-six dollars and eighty-seven cents, deposited in this office to your credit.

[$35,986.87.] Respectfully,

JOHN G. BRESLIN,
Treasurer of State.
By H WILSON.

[B.]

TREASURY OFFICE, OHIO,
Columbus, November 25, 1854.

To the Treasurer of Hamilton County :

DEAR SIR : — On the second day of March, 1846, the Legislature passed an act entitled "An act relating to the duties of county treasurers," Section 1 of which reads as follows :

SEC. 1. *Be it enacted by the General Assembly of the State of Ohio*, That for the purpose of aiding in the payment of interest on the State debt, the several county treasurers in this State shall, on the twentieth day of December, annually, transmit, or pay over to the State treasurer, or deposit with such safe and convenient bank or banker as the treasurer of State shall designate, subject to his order, such moneys, not exceeding the amount assessed on the duplicate of such county, for State purposes, as he shall have collected previously to that day."

In pursuance of this section, I have respectfully to request that you forward to this office the sum of fifty thousand dollars. You will oblige me by making your remittance at a day not later than the 20th proximo. This will be in addition to the amount already paid.

J. G. BRESLIN,
Treasurer of State.

[C.]

COLUMBUS, January 26, 1856.

DEAR SIR:—Received yours this morning. I have not made any arrangements. Will see you in a week, or earlier if possible.

Yours, &c.,

J. G. BRESLIN.

H. P. BOWMAN.

AUDITOR OF STATE'S OFFICE,
Columbus, April 9th, 1855.

Abstract of Settlement with HENRY P. BOWMAN, ESQ., *Treasurer of Hamilton County, for the year* 1854.

PAYMENTS TO BE MADE.

To State tax of 1854, collected	$347,038 48 0
Delinquencies of 1853 collected	7,611 11 0
Forfeited land taxes collected	----------
Pedlars' licenses	499 70 0
Auction duties	----------
Agricultural fund, shows, &c.	66 50 0
	$355,215 79 0
Principal of Section 16	----------
Principal of Section 29	----------
Principal of surplus revenue	----------
Interest on surplus revenue, 6 per cent.	------ --
Total	$355,215 79 0

DRAFTS RECEIVED.

For State common school fund	$79,877 00 0
District school library fund	----------
Interest on Section 16	7,398 50 0
Interest on Section 29	1,104 65 0
Interest on Virginia military school fund	145 36 0
Interest on U. S. military school fund	----------
Three per cent. fund	93 96 0
Interest on W. R. school fund	----------
Taxes refunded by the county	----------
These were treated as delinquencies and deducted from gross collections of 1854.	
Treasurers' mileage	20 00 0
"Nov. 16, by cash, $35,986.87"	88,639 47 0
"Dec. 20, by cash, 50,000.00"	----------
"$85,986.87"	
Balance due the State	266,576 32 0
Total	$355,215 79 0

W. D. MORGAN, *Auditor of State.*

H. P. BOWMAN, *County Treasurer.*

[By R. C. HAZLEWOOD.]

COMMON SCHOOL FUND—[Duplicate.]

Treasurer of State's Office, Ohio,
Columbus, April 9, 1855.

Henry P. Bowman, Esq., treasurer of Hamilton county, has paid into the State treasury, to the credit of the common school fund as follows :

Taxes collected under common school levy for 1854	$146,635 98 0
Delinquent taxes collected under common school levy for 1853, (including forfeitures,)	2,984 75 0
Total	$149,620 73 0

JOHN G. BRESLIN,
Treasurer of State.

[pr. Bretz.]

DISTRICT SCHOOL LIBRARY FUND—[Duplicate.]

Treasurer of State's Office, Ohio,
Columbus, April 9, 1855.

Henry P. Bowman, Esq., treasurer of Hamilton county, has paid into the State treasury, to the credit of the district school library fund as follows :

Taxes collected under district school library levy for 1854	$9,775 73 0
Delinquent taxes collected under district school library levy for 1853, (including forfeitures,)	149 24 0
Total	$9,924 97 0

JOHN G. BRESLIN,
Treasurer of State.

[pr. Bretz.]

GENERAL REVENUE FUND—[Duplicate.]

Treasurer of State's Office, Ohio,
Columbus, April 9, 1855.

Henry P. Bowman, Esq., treasurer of Hamilton county, has paid into the State treasury, to the credit of the general revenue fund as follows :

Taxes collected under general revenue levy for 1854	$68,430 12 0
Delinquent taxes collected under general revenue levy for 1853, (including forfeitures,)	1,492 37 0
Pedlars' licenses	499 70 0
Auction duties	
Agricultural fund, (show licenses,)	66 50 0
Total	$70,488 69 0

JNO. G. BRESLIN,
Treasurer of State.

[pr. Bretz.]

SINKING FUND—[DUPLICATE.]

TREASURER OF STATE'S OFFICE, OHIO,
Columbus, April 9, 1855.

Henry P. Bowman, Esq., treasurer of Hamilton county, has paid into the State treasury, to the credit of the sinking fund, as follows:

Taxes collected under sinking fund levy for 1854	$122,196 65 0
Delinquent taxes collected under sinking fund levy for 1853, (including forfeitures,)	2,984 75 0
Total	$125,181 40 0

JNO. G. BRESLIN,
Treasurer of State.
[pr. BRETZ.]

CINCINNATI, Dec. 15, 1855.

HENRY P. BOWMAN, ESQ.—*Sir:* I am requested to notify you that on to day, at the instance of John G. Breslin, Esq., Treasurer of State, I presented to W. W. Cones & Co., bankers of this city, for payment, a certificate of deposit for $70,000, dated on the 19th of March, 1855, payable to the order of John G. Breslin, Treasurer of State, on the return of the certificate, said certificate showing on its face that you had deposited that amount with W. W. Cones & Co., aforesaid.

The certificate has a credit of $22,232.01 endorsed as of July 1st, 1855.

The holder looks to you for payment, the said W. W. Cones & Co. having refused to pay it.

Respectfully, your obedient servant,
EDMOND PENDLETON,
Notary Public.

[L.]

TESTIMONY OF R. C. HAZLEWOOD.

The Testimony of R. C. Hazlewood, of Cincinnati, taken before the Committee of Finance of the Senate.

QUESTION BY COMMITTEE. State what sums of money belonging to the State have been deposited by the treasurer of Hamilton county with W. W. Cones & Co., Bankers of Cincinnati, within your knowledge, and by whose direction or orders were they made. State particularly the amounts, times, and all other facts in your knowledge touching the same.

The following is a statement of all payments to Jno. G. Breslin, Treasurer of State, by Henry P. Bowman, Treasurer of Hamilton county:

November 15, 1854	$35,98 87
December 20, 1854	50,000 00
March 23, 1855	150,000 00
March 23, 1855	4,463 62
April 9, 1855	30,589 45
June 4, 1855	1,798 13
December 20, 1855	80,000 00

The first payment, $35,986 87 was the taxes of the O. L. & T. Co. The second payment, $50,000 being in addition to the first for the State Treasurer's requisition for interest funds. The third on account of State funds, being in anticipation of the amount due State on final settlement, amounting to $150,000. Also $4,463 62, sections No. 16 and 29 funds. The next, $30,589 45 was the balance due State on final settlement. The next, $1,798 13 was sections Nos. 16 and 29 funds. The last was Treasurer of State's requisition for interest funds, amounting to $80,000.

QUEST. From your knowledge of the pecuniary responsibility of W. W. Cones & Co., at the times the moneys deposited with them by direction of the Treasurer of State, would you have considered it safe to have made said deposits with them? Would you have deposited with them like sums on your own responsibility?

ANS. From my knowledge of the firm composing W. W. Cones & Co., I would not have made such deposits with them. Not considering it safe to such an extent, therefore I should not have deposited with that firm such amount of funds on my own responsibility should the opportunity have occurred.

R. C. HAZLEWOOD.

The State of Ohio, Franklin county, *ss:*

R. C. Hazlewood, whose signature is appended to the foregoing deposition, was by me sworn to truly testify before the committee of the Senate of the State of Ohio, in respect to such matters as they should inquire of him. Given under my hand this 20th day of March, A. D. 1856.

JNO. G. MILLER,
Justice Peace of Mongomery township, Franklin county.

Justices fee, 25 cents.

—

QUESTIONS TO WASHINGTON W. CONES.

Question 1. Are you or have you been a member of the firm of W. W. Cones & Co.?

Ans. I was a member of the firm of W. W. Cones & Co.

Quest. 2. What was the business of that firm? and who were the partners? Please name them?

Ans. Dealing in exchange and money. Thomas Heaton and W. W. Cones composed the firm.

Quest. 3. What sums of money belonging to the State or under the control of the State Treasurer were deposited with you or to your firm?

State the dates and amounts of the several deposits or loans, and by whom made? and also by whose order or direction were they made?

Ans. About the first Nov., 1853, our firm got of Mr. Breslin $10,000, to be paid in New York, free of cost, January 1, 1854; the next transaction was an amount of about $30,000, which had been deposited with our firm by the treasurer of Butler county, which we agreed to pay, and paid the first of July following, in New York, free of charge. Some time during the same year Mr. Breslin received of some party or parties a certificate of deposit of ours for about $8,000, which was paid him during the fall of the same year, which closed our transactions to some time in Dec. 1854, at which time we were employed to buy an amount of exchange for Breslin; having a large amount of money on deposit from the counties of But-

ler and Hamilton, a portion of which certificates of deposit were transferred to Mr. Breslin, and one of them, the one for $10,000 made in Breslin's name. Of the whole, Breslin came into possession of between ninety-seven and ninety-eight thousand dollars; fifty thousand of which has been paid; the balance we still owe. In all these cases we were to furnish exchange free of cost, being all the consideration paid.

Quest. 4. What agreement or agreements were made, and what understanding existed between the Treasurer of State and yourself or any other person on your behalf, or on behalf of W. W. Cones & Co.?

Ans. Included in the above.

Quest. 5. Was there any agreement or understanding between W. W. Cones & Co., or any person on their behalf, and the Treasurer of State as to the time such sums of money or any of them were to remain on deposit?

Ans. All payments were to be paid the first of January and July.

Quest. 6. Did the Treasurer of State at any time instruct or authorize you or W. W. Cones & Co. to take the paper or notes of the Kanawha Bank in payment of taxes or debts due the State? And did said firm, or did you take such paper or notes accordingly? and to what amount, and how was the same disposed of?

Ans The treasurer never gave us any such authority.

Quest. 7. What interest had J. G. Breslin, Esq., late Treasurer, in the Kanawha Bank? State the character and amount of such interest, if any?

Ans. I decline answering.

Quest. 8. Did said J. G. Breslin, while Treasurer of State, use the moneys, funds, or credits of the State, or direct or allow them to be used to sustain the credit of the circulating notes of the Kanawha Bank? If so, in what manner, and to what extent?

Ans. Not to my knowledge.

Quest. 9. What is the amount or balance now due from the firm, or late firm of W. W. Cones & Co., or from you to the State, or to John G. Breslin, Esq., late Treasurer of State? Is the payment of such amount or balance secured? If so, how? State particularly.

Ans. Answered in answer to Question 3d, except the last clause; the money is not secured.

The within answers were given to me by W. W. Cones, as his answers to the annexed questions propounded by the committee of Finance.

ALFRED KELLEY, Chairman.

PROTEST OF MR. GIBSON (TREASURER OF STATE,) AGAINST THE ACTION OF THE SENATE.

OFFICE OF TREASURER OF STATE,
Columbus, Feb. 12, 1856.

Hon. THOMAS H. FORD,
President of the Senate:

I am in receipt of Senate resolution passed yesterday, in these words:

Resolved, That the committee of Finance be instructed to ascertain and report to the Senate the amount, character, and condition of the funds in the treasury, and

that, for this purpose, they be authorized to employ some competent accountant to assist them in making the necessary examination.

The language of the statute requiring the treasurer to submit to such examination, is as follows :

"That the treasurer shall, as often as required, submit his books, accounts, and vouchers, and the funds in the treasury, to the inspection of the legislature, or any committee thereof appointed for that purpose."

There is no doubt as to the intent of this provision. It is wise, and its frequent exercise *can* do no injury, and work no embarrassment.

In the discharge of an official duty, I will be expected to execute the law, which I am sworn to obey ; and I should compromise my own self-respect, if I failed to exact and demand a strict conformity with the statute upon the part of those having intercourse with this department.

With the greatest respect for the Senate, I claim that this resolution is unauthorized, and an unwarrantable interference, to which I cannot submit without doing violence to my own sense of duty, and proving myself unworthy the responsible position I occupy at the hands of the people of Ohio. I think that a wise prudence requires that we proceed under the law, and confine ourselves within the line of authority. I claim that a standing committee in one branch is not a committee of the legislature, and cannot be made such by resolution. The House and Senate, in my opinion, must concur in the selection of this committee, and in making the proposed examination.

As now impressed, I will not recognize any examining committee from the Senate for the reasons indicated.

There is one provision of this resolution which would be inadmissable, if it were sanctioned by the legislature as such. It will not be seriously claimed that the legislature can subject this office to an examination by an irresponsible stranger, acting in aid of any committee as "accountant." I protest against this, and will only submit to an examination by *the legislature or a committee thereof.*

Although ready to submit to an examination at any time, I insist that it shall be *legal ;* and for the reasons assigned, I feel constrained to decline an investigation at the hands of the "Finance committee" of the Senate and their accountant.

There will be no difficulty in comprehending the accounts in this department, and it will afford me great pleasure to place my clerks at the service of a proper committee, and to do all in my power to facilitate their labors.

Allow me to beg the appointment of a committee under the statute, and I will at once confer with the members, and arrange for the time and mode of examination.

Ready to submit to any constitutional and legal requirement, I shall be equally determined in my purpose to maintain the independence and efficiency of this department whilst I am its head.

I have the honor to be, very respectfully,

W. H. GIBSON,
Secretary of State.

REPORT

OF THE

JOINT COMMITTEE

OF THE

GENERAL ASSEMBLY ON FINANCE.

The Joint Committee of the General Assembly, on Finance, appointed by the act of April 11th, 1856, met at Columbus, June 9th, 1856, organized by the appointment of R. W. Tayler, Chairman, and B. F. Smith, Clerk, and proceeded to discharge the duties assigned them.

The last previous examination into the condition of the treasury, by a joint committee of the General Assembly, was in the year 1847, on the expiration of the official term of Joseph Whitehill, as Treasurer of State, and the accession of Mr. Bliss to that office; and the committee did not deem it incumbent on them to go back of that examination, nor that any beneficial results would be obtained by so doing.

The transactions of the treasury and auditor's offices, during the nine years that have elapsed since the examination referred to was made, have been so numerous, and so large in amount, as to preclude a personal and detailed examination of the vouchers upon which moneys have been paid, as also a comparison of the items of the accounts in these departments of the government; and in truth the want of system and uniformity in keeping accounts in these offices which have prevailed, would utterly defeat the effort, were it made.

No regular and well devised system of accounts seems to have ever been adopted and carried out in either office; nor does it appear to have been attempted to keep corresponding accounts in the two offices. The inadequate system of keeping accounts has existed since the first organization of these offices, and although some improvements and some changes have occasionally been made, no thorough system, such as is demanded by the public interests, appears ever to have been devised. It will be apparent to any one, upon a slight knowledge of the way in which the business of the treasury has been conducted, that very large sums of money are constantly passing through the hands of the treasurer, of which no entry is made in the books of the office, and of which the treasurer himself could give no account, unless from memory.

No proper checks on the auditor's office have been devised; the treasurer having no knowledge from any records, or accounts kept in his office, whether an appropriation was overdrawn or not; nor whether a warrant on the treasury was drawn in pursuance of or without an appropriation made by law. Under the best system of accounts that could be devised, an examination, delayed as it has been, for

nine years, it is not to be expected could ascertain all the illegal acts that might have been done, if any were, in these offices, during that long period; much less could such an examination, with the system of accounts that has prevailed, prove adequate. No one officer is, probably, more at fault in this than another. So long as results were reached by themselves, at however much cost of labor and time, they seem to have been content to follow the old system, with such changes as additional duties, from time to time, imposed upon these offices, appeared to demand.

The present auditor and treasurer have each made some valuable additions to the systems previously adopted in their respective offices; but as the systems are defective, nothing short of a radical change can effect what is desirable, namely, a perfect system of accounts.

Mr. Morgan, the late auditor of State, in his report made in December, 1852, called the attention of the legislature to the subject, and characterized the system as inherently defective; and again, in his report of December, 1853, the auditor referred to the subject, but no action on the part of the legislature followed these repeated recommendations, until the session of 1856. In addition to the laws then passed, some provision for a thorough system of accounts, seems to the committee to be demanded; and not only as regards the treasury and the auditor's office, but in other departments.

In the library no accounts have been kept. The committee ascertained that during past years large quantities of the Ohio Reports published by the State had been placed in the hands of booksellers to be sold for the benefit of the Library Fund; and considerable purchases of books and other publications had been made with the proceeds, but in no instance had regular accounts been kept of these transactions.

The office of the secretary of state is nearly as barren of accounts as the library. The committee, upon inquiry at that office, could not find that any attempt at regular book-keeping had ever been made. Some accounts with individuals, of whom stationery had been purchased, were found, in cases where the accounts remained open for some time; but nothing like an account showing the purchases made, could be found. There is a ledger entry of 192 reams of paper, $1,488, to the debit of Horace S. Knapp, under date of May 23, 1854; and a credit to him under date of January 14, 1856, "By Derby's draft in favor of secretary of state, $1,488." Both these entries have the appearance of having been made at the same time, and the committee think they were made January 14, 1856, by one of the clerks under the late secretary. The depositions of Dr. Trevitt and H. W. Derby, herewith reported, will give all the information the committee have on this subject. This transaction appears to the committee to have been without authority of law, and loosely conducted, but they have no evidence that the secretary acted otherwise than in good faith.

Although the duty of investigation at the penitentiary was assigned to another committee, we have examined the books of that institution with a view to ascertain the manner of transacting its business and the condition of the books.

The examination by the other committee, and their report are so full in regard to this institution, that but little is left for us.

The system of pay to prisoners for overwork demands attention, and correction. The fund arising from overwork has been increasing for some years past, and there are several thousand dollars of this fund now in the hands of the warden. What does the warden do with this money, and where does he keep it, are questions worthy of consideration. Overwork money of some of the prisoners may, and doubtless will, remain in his hands for years; and is there adequate security provided for its restoration, with interest where it has been loaned, or used. Would it not be better that this money be paid into the treasury, as other moneys received at the Penitentiary.

The committee learn that it is frequently the case, that convicts who are brought to the penitentiary, have money and other valuables upon their persons. These are taken possession of by the officers. What is done with such articles? No account is kept of them, nor does it appear to be known how they have been disposed of.

The committee also made some examination into the transactions of the late commissioner of common schools, in respect to the purchase of books for the school library. The deposition of H. W. Derby is the only evidence we have to report on this subject. We are of opinion that Mr. Barney acted honestly in these transactions. The errors committed by him are those into which an honest, unsuspecting person would be likely to fall, when dealing with a shrewd man, who was disposed to make the most of his bargain.

When Mr. Whitehill went out of office, and was succeeded by Mr. Bliss, the first of March, 1847, the amount of public funds of all kinds, then in the treasury, as shown by the books in that office, was $405,612 80 3; by the books in the auditor's office, $405,612 30 3.

During the session of 1846–7, a commission was appointed to examine the accounts of the treasurer. That commission sat during the vacation and reported at the following session, finding as they supposed an error in Mr. Whitehill's accounts; but from a statement made by the auditor at the same session, it appears that they erred, and that the treasury accounts were correct.

Mr. Bliss, on taking charge of the treasury, opened new books, transferring to them the various balances as they appeared on the books of Mr. Whitehill; from which, it would be inferred, that the amount shown to be in the treasury, had been paid over by Mr. Whitehill to his successor, in money or other available means. But this was not so; nor did the sum of $405,612 80 3, include all the funds in the treasury. By virtue of the law requiring county treasurers to pay money into the State treasury in advance of the settlement of their accounts, considerable sums had been paid to Mr. Whitehill, who had given certificates therefor, but of which no regular account was made in the treasury books nor in the auditor's office; the county treasurers not having settled their accounts with the auditor of state at that time. The committee were unable to find in the treasurer's office any reliable accounts or even memoranda, from which the amount of these certificates, then outstanding, could be ascertained; but from vouchers and memoranda, furnished the committee by Whitehill, from his private papers, it appears that he admitted himself liable to account with his successor, for

Balance standing on the books of the treasury	$405,612 80 3
Amount of outstanding certificates for money paid in by county treasurers	110,045 71 0
Total	$515,658 51 3
Of this sum, Mr. Whitehill paid, and for which he holds Mr. Bliss' receipt, the sum of	$509,658 41 3
And retained	6,000 00 0
	$515,658 41 2

Mr. Whitehill retained the $6,000, to reimburse himself for that amount paid January 27, 1842, to take up the note of the canal fund commissioner, to the Franklin Bank of Columbus. There is nothing in the accounts of the treasury to show that Mr. Whitehill retained, and that Mr. Bliss did not receive this sum of $6,000, nor when, or how, Mr. Whitehill accounted for the apparent balance in his hands.

The receipt given by Mr. Bliss to Mr. Whitehill, bears date, April 14, 1847, but from the memoranda furnished by the latter, he paid the former $500,725 23, March 2, 1847, and $4,388 40, March 12, 1847.

The payments made by Mr. Whitehill, consisted of various items, classified by the committee as follows, viz :

Claims against individuals	$410 00
Counterfeit and altered bank notes	881 00
Drafts of the auditor of state on various parties	2,163 83
Certificate of the receivers of the Urbana Bank	21,620 24
National road stock	2,500 00
do do bonds	266 33
Turnpike stock	100 00
Certificates, checks and receipts	16,059 16
Bank checks	389,602 73
Cash, certificates, coin, &c	67,121 94½
Cash—probably	8,933 18 3
Total	$509,658 41 3

Of the foregoing items, the following, viz :

Claims against individuals	$410 00
Counterfeit and altered bank notes	881 00
Check on P. Dow & Co	7,382 02
Which were of no value, together with the	
Certificate of the receivers of the Urbana bank	21,620 24
The National Road stock	2,500 00
National Road bonds	266 33
And turnpike stock	100 00
Making an amount of unavailable funds of	$33,159 59

Were withdrawn from the treasury accounts by means of appropriations made by the canal fund commissioners, and otherwise, during Mr. Bliss' official term, so that when Mr. Breslin took charge of the treasury in January, 1852, the funds in that office were all available so far as appears from the books and reports made to the legislature by him.

By the accounts of the canal fund commissioners, it appears that on the 25th day of November, 1841, they made a temporary loan of $6,000 of the Franklin Bank of Columbus, for which a note at sixty days was given, signed by two of the commissioners, officially. The proceeds of this loan, $5,937, were on the 2d of December, 1841, deposited in the treasury by the commissioners, and on the same day drawn out on the warrant of the auditor, to be applied to the payment of contracts on the Wabash and Erie Canal.

The note given for the loan fell due January 27, 1842, and is now in the possession of Mr. Whitehill, who claims that he paid and took it up, but never received a warrant on the treasury for its payment, and that the amount was never credited to him in the treasury books nor in the auditor's office. The committee have not found any credit corresponding with this payment in either the treasury or auditor's offices, nor do they find an entry anywhere concerning the same, except on the books of the canal fund commissioners, where, under date of January 27, 1842, there is charged to the Franklin Bank, to pay this note, and credited to interest account, (posted to the credit of the canal fund) the sum of $6,000. These entries on the books of the commissioners go to show that the loan of the Franklin Bank was paid, but do not, the committee suppose, show by whom it was paid. The commissioners not being themselves disbursing agents, it must have been paid by

some one else. The presumption would be that a warrant was drawn on the treasurer, and the payment of the draft should be shown by his books.

The books of the fund commissioners, of the auditor, nor of the treasurer show that such warrant was drawn, nor is it to be found. In addition to this, Gustavus Swan, Esq., who was then president of the Franklin Bank, has stated to the committee that he carried the note to the treasury, at maturity, received payment of Mr. Whitehill, and delivered him the note, but that he had no warrant on the treasury for the money. As before stated, the books in the treasury show that Mr. Whitehill paid to Mr. Bliss the full amount of money appearing to have been in the treasury, but as Mr. Bliss had not, in fact, received the $6,000 mentioned, the canal fund commissioners on the — day of————, 1850, appropriated, by certificate No. 205, $6,000 to reimburse him, and also $7,382 02 for the check on P. Dow & Co., (by them styled a judgment vs. Dow & Espy.) These sums were credited by the treasurer to cash, and the transaction blotted them out of the treasury account. At the same time the fund commissioners charged over the $6,000 to Mr. Whitehill, and so the account stands to this day.

The claim was long since put into the hands of the attorney general for collection, but no action has been brought. It is now of fifteen years' standing, and should be closed up. The committee recommend that the commissioners of the sinking fund be authorized to receive of Mr. Whitehill, in discharge of the claim against him, the note of the canal fund commissioners, and thus close the account.

When Mr. Bliss came into office there was paid over to him, as before stated, by his predecessor.....	$509,658 41 3
Deduct from this the amount of unavailable funds withdrawn from the treasury by the canal fund commissioners.....	33,159 59 0
Leaves.....	$476,498 82 3

As available funds in the treasury at that time.

From March, 1847, until the expiration of his term of office in January, 1852, large sums of money were at various periods in the hands of Mr. Bliss, in advance of the times at which their expenditure was required for the public service; but how or where these funds were kept does not appear from the books in the treasury.

It is manifest, however, to the committee, from evidence otherwise derived, that the public funds were illegally used by that officer, but how or to what extent the committee have not been able to ascertain. When Mr. Bliss went out of office and was succeeded by Mr. Breslin, as treasurer, in January, 1852, the latter gave his receipt to the former for all the public moneys in Mr. Bliss' hands, without stating the amount, and thus became chargeable therewith, whereas, in truth, the money was not at all paid over until December, 1855, or January, 1856. Notwithstanding this default, amounting to at least $65,000, was necessarily known to Mr. Breslin, a knowledge of the fact was and has been hitherto withheld by him from the public and from the legislature. Some suspicion of this failure on the part of Mr. Bliss appears to have existed in the legislature in December, 1852, but was quieted by the response of Mr. Breslin to a resolution of the Senate, which, with the response, is hereto appended, as a part of this report.

So far as has come to the knowledge of the committee, no further information upon the subject was at any time afterward acquired by any branch of the government.

For the evidence from which the following facts are derived, the committee refer to the depositions of W. S. Sullivant, Thos. Moodie, H. B. Carrington, and B. E. Smith, and the notarial record of Mr. Collins, herewith reported.

On the first of October, 1852, Mr. Bliss had failed to pay over to his successor of the public funds that had come into his hands the sum of $65,000, and the sureties, upon his official bond, were called upon to make good the deficit. A part of these sureties, viz: Thomas Moodie, W. S. Sullivant, J. S. Atwood, M. L. Sullivant and Demas Adams, Jr., on that day drew thirteen checks on the several banks in Columbus, in favor of John G. Breslin, treasurer of the State of Ohio, for $5,000 each, amounting in the whole to $65,000, to pay that amount due by Mr. Bliss to the treasury. These checks were delivered to Mr. Breslin, and were in the following form, and numbered from one to thirteen, inclusive.

[No. 1.] COLUMBUS, OHIO, October 1, 1852.

Pay to the order of John G. Breslin, treasurer of the State of Ohio, five thousand dollars.

Signed.

THOMAS MOODIE,
W. S. SULLIVANT,
J. S. ATWOOD,
M. L. SULLIVANT,
DEMAS ADAMS, Jr.

$5,000. To Exchange Bank, Columbus, O.

Although in this form the checks were payable on presentation, it was the understanding between the drawers and Mr. Breslin that they were not to be presented, unless it became necessary, and that they would be taken up by means provided by Mr. Bliss. About the time or soon after the drawing of these checks, Mr. Bliss transferred certain property and assets, particularly described in the deposition of Mr. Carrington, to be reduced to money for the payment of the checks. A portion of the property and assets was reduced to cash by Mr. Carrington, and five of the checks, amounting to $25,000, were therewith paid and taken up. On the 6th of December, 1855, eight of these checks, amounting to $40,000, remaining unpaid, they were delivered by Mr. Breslin to a notary, who presented them for payment, and duly protested them for non-payment.

Between the 6th of December, 1855, and the 14th of January, 1856, the property and assets then not disposed of were reconveyed to Mr. Bliss, and, with perhaps one exception, by him transferred and conveyed to Bartlitt & Smith, brokers, of Columbus, who thereupon paid the $40,000 to Mr. Breslin.

Upon these facts the committee do not propose to comment, but they take leave to express the opinion that it was the duty of Mr. Breslin to communicate to the general assembly the failure of his predecessor to pay over the funds in his hands, at the earliest moment practicable, after the failure was clearly ascertained.

By the communication of Mr. Breslin, made to the senate December 23, 1852, heretofore referred to, it is stated that,

On the 12th of January, 1852, his predecessor paid over to him the sum of	$246,576 30
And subsequently the further sum of	868,666 21
Making a total of	$1,115,242 51

The accounts in the treasury show that at the expiration of Mr. Bliss' term, January 12, 1852, various accounts in that office had credit to the amount of	$127,369 63 9
The amount of outstanding certificates issued by Mr. Bliss, for moneys paid in by county treasurers and others, but not regularly entered in the accounts, was	849,370 74 0
Making a total of	$976,740 37 9
It further appears from the books that various other accounts were overdrawn, to the amount of	$674,624 51 7
Actual balance due from Mr. Bliss	$302,115 86 2

The details of this statement will be found in the report made by the committee on finance, to the senate, in March last, and correspond with those ascertained by the joint committee, by examination of the books and memoranda in the treasury. The committee suppose the statement of the amount paid to Mr. Breslin, in his communication to the senate of December 23, 1852, was incorrect, in fact, but probably correct in form, from the mode of transacting business in the treasury.

From the foregoing statement it will be seen that when Mr. Breslin came into office, in January, 1852, the amount of funds in the treasury was $302,115 86 2. The reports made by that officer, from that time until January, 1856, all show the balance in the hands of his predecessor had been fully paid over to him, and the communication of December 23, 1852, excludes any other opinion How the fact was, will appear from the evidence herewith reported.

As during the administration of the treasury department by his predecessor, so during that of Mr. Breslin, the books in the treasury do not show how or where the public funds, not actually kept in the treasury were deposited. Some accounts were kept with banks and brokers, but it is evident to the committee, from the course of business in the office, that these accounts show only a small portion of such deposits. This arose from the insufficient system of accounts, and improper mode of conducting the business of the treasury, and does not imply an illegal use of the public funds ; but very much facilitates such use, where officers are disposed to make it, from the concealment which it affords.

That there were improper and illegal uses of, and transactions with the public funds, during Mr. Breslin's term, the committee believe, but their extent or object they have not been able to ascertain. The books in the office throw no light on the subject, and parties concerned in such transactions naturally keep silent upon them. The following facts, however, justify the opinion expressed by the committee.

The checks taken by Mr. Breslin, of the sureties of Mr. Bliss, were taken in violation of his duty as a public officer, as was also the subsequent concealment of the facts, especially when directly interrogated, by the senate, on the subject.

On the 19th of October, 1854, the commissioners of the sinking fund purchased of the Western Reserve Bank, certificates of Ohio stocks, at a cost of $30,479, for which sum Mr. Breslin, as treasurer of state, drew on A. P. Edgerton, transfer agent, in New York, payable November 1, 1854. The draft was protested for want of funds in the hands of the agent ; but was paid November 28, 1854, when the amount, including interest, was $30,631 84.

The treasurer failed, to the amount of $97,558 58, to meet the draft drawn on him for funds to pay the July interest on the public debt, in July, 1855, and the

commissioners of the sinking fund were obliged otherwise to provide therefor, as appears by their semi-annual report, made to the governor, August 20, 1855. In that report it is stated that the treasurer claimed he had been disappointed in not receiving funds from parties in Cincinnati, upon whom he had relied. The amount due from the party by whom Mr. Breslin claims to have been disappointed (see his communication to the committee) was but a small portion of the sinking fund in the treasury, after paying the July interest.

In the annual report of the late treasurer, made in December, 1855, he refers to certain claims against the Commercial Bank of Toledo; the City Bank of Cincinnati, and W. W. Cones & Co., of Cincinnati, for funds deposited with them, in the following terms:

"In the spring of 1852, the treasurer designated the Commercial Branch of the State bank of Ohio, at Toledo, as the place of deposit for collectors at Maumee City, Toledo, and subsequently at the Junction. This designation was made in pursuance of the 124th section of 'an act to provide for the protection of the canals of the State of Ohio, the regulation of the navigation thereof, and for the collection of tolls,' passed March 23, 1840, and the seventh section of the 'act to provide for paying the temporary liabilities of the State, the interest on the State debt, and other purposes,' passed March 7, 1842. This continued until the 20th of November, 1854, when that branch of the State Bank failed, having a balance undrawn of the deposits so made, to the credit of the treasurer of State, amounting to $24,805 93 Two other certificates of deposit on this branch, amounting to $1,465 30, alleged by the collectors to be on account of tolls received, were also paid into the State treasury, making an aggregate of $26,271 23.

At the opening of navigation in 1852, in pursuance of the acts above referred to, the collector at Cincinnati was directed to deposit the tolls collected by him in the City Bank of Cincinnati. At various times deposits were made in this bank by the treasurer, to procure exchange for the payment of interest, and redemption of bonds. In December, 1854, this bank failed to meet the drafts given the treasurer for the amount of $79,811 95. At the last annual settlement with H. P. Bowman, Esq., treasurer of Hamilton county, a certificate of deposit was received from him for the sum of $70,000, upon the banking house of W. W. Coves & Co., Cincinnati. An arrangement was immediately made with that firm by the treasurer of State, to pay the same in exchange to meet the July interest free of charge. Upon this certificate the amount of $22,232 00 has been paid; it was then protested for non payment of the balance, amounting to $47,768 00.

The claim against the Commercial Bank of Toledo, reported by Mr. Breslin, is evidenced by certain certificates in the hands of the attorney general, as follows:

First. A certificate dated March 22, 1855, signed, Samuel M. Young, M. R. Waite, receivers, stating that the Commercial Bank of Toledo is indebted to J. G. Breslin, treasurer of State, for balance of account, in the sum of	$24,805 93
Second. A certificate, dated January 16, 1855, signed as above, stating that the same bank is indebted to John R. Bond, for balance of deposit account	865 30
Third. A certificate of deposit in the bank, dated Nov. 21, 1854, stating that R. H. Gilson, & Co., had deposited current funds to the credit of themselves, and payable to their order the sum of. This certificate is endorsed by R. H Gilson & Co., to James G. Haley, and by him to John G. Breslin, treasurer.	600 00
Total	$26,270 23

The committee know of no law or custom justifying the treasurer, in receiving the last two certificates of collectors, or others, who may have been liable to the treasury. The treasurer states the failure of the bank occured November 20, 1854. The certificate of deposit for $600, bears date, Nov. 21, 1854, the day after the bank failed. This was, also, a deposit made, not by a collector, but by R. H. Gilson & Co., brokers at Defiance, in Defiance county, who transferred it to Mr. Haley, and he to Mr. Breslin.

The certificate to John R. Bond for $865 30, is dated nearly two months after the failure, and shows that the bank was indebted to Mr. Bond individually, and not to the treasurer. The law authorized deposits to the credit of the treasurer. If the collector, instead of depositing as required by law, treated the money as his own, and deposited to his own credit, there is no rule that would require the State to assume the loss At all events the treasurer was not authorized to act for the State in such cases.

Although the late treasurer states that "at the opening of navigation in 1852, in pursuance of the act named, the collector at Cincinnati was directed to deposit the tolls collected by him, in the city Bank of Cincinnati," he does not state that the money due from that bank was for such deposits; but it is stated by him that, "at various times deposits were made in that bank *by the treasurer* to procure exchange for the payment of interest, and the redemption of bonds," and that "this bank failed to meet the drafts given the treasurer, for the amount of $79,811 95 in December, 1854. The committee are satisfied from a personal inspection of the books of the bank, as well as from the treasurer's report, that this snm of money was not deposited by the collector of tolls.

The committee are also satisfied that large deposits were made in the City Bank, by Mr. Breslin, before the opening of navigation in 1852, not only from an inspection of the books of the bank, but from the report of W. F. Johnston who examined that institution April 7, 1852, and from a communication made by Mr. Breslin to the legislature, April 28, 1852. The report of Mr. Johnston was made to the auditor of state, April 13, 1852, and was by him communicated to the Senate the 30th of the same month. Legislative Documents, 1851–2, p. 737. By this report we learn that, on the 7th of April, 1852, the amount to the credit of the treasurer of state, was $112, 875 45. In his communication of April 28, 1852, to the House of Representatives, Mr. Breslin states the amount of public funds then on deposit in that bank, was $53,241 23. The deposit of $112,875 45, was too large to have accrued from canal tolls so early in the season as April 7th.

From the statement of its assets, and otherwise, in Mr. Johnson's report of April, 1852, the bank appears to have been then in a rotten condition; a condition that could not have been unknown to the business men of Cincinnati; and could not have escaped the observation of a person of ordinary intelligence, seeking a safe depositary of large amounts of money. After Mr. Johnson's report was made public, and thus known to the treasurer, it became imperatively his duty to withdraw his deposits of public funds at the earliest practicable period.

Mr. Robert, the president of the bank, in his examination by Mr. Reemelin, in 1854, states that the bank "never declared but one dividend, to wit: on May 2, 1846." A fact like this could not have escaped public notice among business men in Cincinnati, and must have been fatal to the credit of the bank.

The City Bank of Cincinnati was organized in May, 1845, by five persons, the principal of whom was a broker; was subsequently sold to a citizen of Cincinnati and a New York broker, and was again sold in 1850; having thus in five years three sets of owners. With this history, necessarily public, a sound institution and public credit could not be hoped for.

Mr. Breslin states, in his report, that this default in payment occurred in December, 1854. Mr. Robert, the president of the bank, states in his deposition, here-

with reported, that it occurred prior to or in August, 1853. He became president in January, 1854, and it had occurred prior to that time. No communication concerning this failure was made to the legislature in 1854. The committee have been furnished by Mr. Robert with a statement of the condition of the bank, Nov. 29, 1856, which, together with a letter from him, is hereto appended. These raise no very favorable impression of the ability of the bank to meet its liabilities. The president did not appear able to give any reliable opinion as to the value of the assets of the bank. In a note to the chairman of the committee Mr. Robert states that, upon re-examination, he thinks the bank owes, of public funds, only $74,811 95, and not $79,811 95, but gives no explanation. The drafts in possession of the attorney general amount to the latter sum. They are all drawn on Winslow, Lanier & Co., New York, acceptance waived, dated October 1, 1854, and are payable, as to time and amount, as follows:

One on the 1st day of December, 1854, for.....	$30,000 00
do. 10th do do	30,000 00
do. 20th do do	19,811 95
Total.....	$79,811 95

These drafts were presented for payment, and protested for non-payment, January 17, 1856, more than one year after they fell due, and also after the expiration of Mr. Breslin's official term.

The third item of unavailable funds, reported by Mr. Breslin, is the sum of $47,767 99, due from W. W. Cones & Co., bankers, of Cincinnati, on a certificate of which the following is a copy, viz:

"$70,000. W. W. Cones & Co., Bankers, [No. 602.
Cincinnati, March 19th, 1855.

Henry Bowman has deposited in this office seventy thousand dollars, payable to the order of John G. Breslin, treasurer of state, on return of this certificate.

W. W. CONES & CO."

On this certificate, the sum of $22,232 01 is endorsed as paid, July 1, 1855, and the certificate was protested for non-payment of the residue, December 15, 1855, at the request of Mr. Breslin.

This item has a secret as well as a public history, which the committee are not able, fully to unfold. The depositions of Henry P. Bowman and R. C. Hazelwood, taken by the finance committee of the Senate, in March last, with the statement of W. W. Cones, made at the same time, are hereto annexed, as, also, the deposition of W. W. Cones taken by the committee. The committee also examined the books of W. W. Cones & Co., in respect to their accounts with Mr. Bowman and Mr. Breslin. In addition, Mr. Cones and Mr. Breslin freely conversed with the committee, or some of the members, concerning the deposit of public moneys with Cones & Co. by Mr. Bowman and Mr. Breslin, as did also Mr. Bowman, to some extent, with the finance committee of the Senate, in March last, one member of which is a member of this committee, but each declined giving his statement in any other form. By these statements the committee learn that neither Mr. Breslin nor Mr. Bowman is willing to assume the responsibility of having made the deposit with Cones & Co.

Mr. Bowman, in his deposition, states, that from his knowledge of the firm of W. W. Cones & Co., and their business relations, he should not have made such deposits as were made with that house, on his own responsibility; that he made

some deposits there, to secure which Mr. Cones gave him a mortgage for $20,000, and that his deposits, outside of the arrangement with the treasurer of state, he thinks did not exceed the security.

From an examination of the books of W. W. Cones & Co., the committee ascertained that, before the time for collecting taxes in the fall of 1854, Mr. Bowman deposited with Cones & Co. about $6,000 of the funds of Hamilton county, on which he received interest; and deposits were made by him of taxes collected during that year, so that on the first day of January, 1855, Cones & Co. held on deposit for Bowman over $81,000. Probably $10,000 were afterwards deposited, but immediately checked out, with something in addition, so that on the 19th day of March, 1855, the amount on deposit was a little over $74,000, for $70,000 of which sum the certificate quoted was issued.

Mr. Bowman states that this deposit, so far as relates to the $70,000, was made in pursuance of an arrangement between Mr. Cones and Mr. Breslin, which Mr. Breslin and Mr. Cones both say is incorrect. Deposits were made by Mr. Bowman with Cones & Co. during November and December, 1854, leaving to his credit, January 1, 1855, over $81,000. Toward the latter part of January, Mr. Bowman wrote to Mr. Breslin, inquiring whether any arrangements had been made, to which Mr. Breslin answered, under date of January 26, 1855, as follows:

"Received yours this morning. I have not made any arrangements. Will see you in a week, or earlier, if possible."

It is evident, therefore, that the deposit was made by Bowman, on his own responsibility, and that it so remained until after the 26th of January. Probably such an arrangement as that mentioned by Mr. Bowman, was made about the middle of March, and consummated on the 19th, by the certificate for $70,000. Bowman states that he learned the arrangement from Mr. Cones, who produced a letter from Breslin. The committee believe the transaction was at once closed on the production of that letter. Cones & Co. would be anxious to have the amount transferred from Bowman to Breslin, because they were paying Bowman interest for the use of the money, and Bowman could raise no objection to paying the money due the state treasury when required. After this transfer was made, Cones & Co. credited Bowman $1,200 for the use of the public moneys deposited, as before stated.

The committee have no doubt Bowman made the deposit with the expectation of its being transferred to Breslin; he deposited but a small amount of the funds that were to remain in his hands for county purposes; nor have the committee any doubt that both Bowman and Breslin, doubted the entire safety of the money, nor that Cones & Co. knew it was unsafe at the time.

From the statements made by Breslin, Bowman and Cones, the Committee are of of the opinion that the deposit with Cones & Co. originated substantially as follows:

In 1853, Mr. Bowman was a candidate for the office of treasurer of Hamilton county. Mr. Cones, who was an active politician, took considerable interest in the nomination and election of Bowman, with the understanding or expectation that, as a compensation for these services, deposits of the public money should be made with the house of W. W. Cones & Co. Depsoits were accordingly made, but they did not, in amount, come up to the expectations of Mr. Cones, nor satisfy what he deemed his just claims upon Mr. Bowman for the services rendered, in securing his nomination and election. Bowman, through caution, or some other motive, made comparatively but a small deposit with Cones & Co.; and only about the sum that he supposed would, in the end, go to the treasurer of state. In this way Bowman could, in a measure, compensate his friend, without assuming any great responsibility, as the transfer would be made to the treasurer of state, before a failure of Cones & Co. would probably occur; Cones & Co. did not want to pay over the

money so soon as Bowman would be obliged to settle with the treasurer of state and pay him the state funds in his hands. It became important to them, in this view, that Breslin should agree to let the money remain with Cones & Co., until required by the necessities of the state; and through the importunities of Cones and his friends, also friends of Breslin, in Cincinnati, the latter was induced to accede to this, having, however, doubts of the entire safety of the money. The committee find nothing in the transaction itself; in the credit that Cones & Co. possessed in Cincinnati, nor in their pecuniary ability at the time, to justify the deposit.

The committee desired to have additional information of Mr. Cones, in regard to Mr. Breslin's connection with the Kenhawa Bank, but he declined answering the questions.

Since the preceding part of this report was written, the committee have received of Mr. Breslin the communication hereto appended, dated January 27, 1857. The interrogatories to which that assumes to be an answer, are also appended, and were placed in Mr. Breslin's hands on the 18th of December last. That communication furnishes no occasion for modifying what we had previously written, nor does it throw much light upon the subjects under examinatian.

As before stated, Mr. Breslin in his last annual report, mentioned three depositories of public funds, that had failed to pay when called upon. The report of the Finance Committee of the Senate, already referred to, shows that Daniel Beckel, another depositary, was in default in the snm of $50,785 48. This default must have occurred long prior to the making of that report. Mr. Beckel, in his statement, herewith reported, says that $50,000 of the above sum was for a balance of moneys received of Mr. Breslin to procure exchange on New York. Mr. Breslin communicated, orally, to the committee, that the deposit of which this was the balance, was $200,000.

The committee have no hesitation in saying that no such sum should have been entrusted to Mr. Beckel. He had been and still was, the president and principal owner of the Miami Valley Bank at Dayton, which commenced winding up in 1853, when Mr. Beckel opened a broker's office; became largely interested in banking in Indiana, and as a necessary consequence, when the Indiana banks went down he became embarrassed. The committee think such a depositary of public funds ought not to have been selected by the treasurer.

On the 13th of March, 1856, pending the examination of the finance committee of the Senate, into the condition of the funds in the treasury, under Senate resolution of February 11, 1856, and two months after Mr. Breslin went out of office, he and Mr. Beckel made an arrangement by which security for $50,000 of the debt was given on property that Mr. Beckel estimated to be worth that sum. Whether thus wholly secured or not, the committee are unable to state, but they are of opinion that it will eventually be paid. The committee would here observe, that this arrangement and postponement of the claim were made by Mr. Breslin without authority of law, and after he had ceased to have any official connection with the treasury. This arrangement purported to secure and provide for the payment of the sum named, as follows, viz:

January 1, 1857	$10,000
Between January and July, 1857	5,000
July 1, 1857	15,000
Between July, 1857, and January, 1858	5,000
January 1, 1858	15,000
	$50,000

The committee learn from Mr. Gibson, the present treasurer, that the instalment of $10,000, due January 1, 1857, has been paid into the treasury.

The committee deem it worthy the consideration of the General Assembly, whether, in cases like this, where the public funds are withheld from the treasury, and used by depositaries for their private benefit, interest should not be exacted.

The annual report of the auditor of state, laid before the General Assembly at the session of 1856, states the balance of funds in the treasury at the close of the fiscal year ending November 15, 1855, at		$703,370 08 2
The treasury report stated the balance at		683,574 90 3
Difference		$19,795 17 9
This difference was shown by the treasury report to consist of the folllowing items: Premiums for exchange charged as paid by the treasurer	$18,457 10 1	
Auditor's warrants redeemed but not returned	1,274 96 8	
Surplus revenne interest refunded to treasurer of Pike county	66 00 0	
	$19,798 06 9	
Less amount not charged by auditor	2 89 0	
		$19;795 17 9

Of the exchange charged, the sum of $3,659 57 was appropriated by the General Assembly, by act of March 14, 1853, and the expenditure being thus sanctioned by the legislature, ought to have been allowed and credited to the treasurer, by the auditor.

The committe doubt the necessity for incurring such expense. There might possibly have been some necessity for paying a premium on a portion of the exchange obtained to pay the interest of January, 1854, but there could not have been such necessity, to any considerable extent, as regards the interest for July, 1853, 1854 and 1855, or January 1855, or the redemption of the public debt during those years. The treasurer states in his annual report for 1855, that for the purpose of saving to the State the expense of exchange, the treasurer had *generally* deposited the requisite amount of funds with a banker or banking institution, for such a length of time as would realize it without charge. The committee believe there has been during the period named after the appropriation, already mentioned, was made, sufficient sums of money in the treasury, months before required for the payment of the semi-annual interest, and that by proper diligence, nearly the whole amount required, might have been transmitted to New York without cost for exchange ; and the same is also true as regards the fund for the payment of the principal of the public debt. The amount of interest paid in New York during that period was $2,159,272 67, and the amount of principal, during the three years, ending December 31, 1855, was $1,406,224 66, making the payments of principal and interest, $3,565,497 33. At the close of the fiscal year, ending November 15, 1853, there was in the treasury of sinking fund $648,255 80.5, of all funds $762,830 55 5 ; at the close of the fiscal year, ending November 15, 1854, of sinking fund, $566,658 31 9, of all funds, $584,994 97 1, and at the close of the fiscal year, November 15, 1855, of sinking fund, as per treasurer's annual report, $516,705 58.9, and of all funds $683,574 90 3, showing in each year an excess of sinking fund in the treasury over the interest, due the succeeding January. As the large portion of these

funds are paid into the treasury during the early part of the year, there could have been no difficulty in so disposing of the sinking fund, with responsible and reliable parties, as to have the required amount in New York before the time needed for payment, without cost for exchange.

The following statement will show the necessary amount of funds in the hands of the treasurer, in time to effect this transfer, without much difficulty :

Amount of sinking fund for 1855	$1,988,761 10
Virginia military fund, not transferred	2,270 37
Total	$1,991,031 47
Of this sum the balance in the treasury November 15, 1854, was	$556,658 31
Amount collected on duplicate of 1854	1,014,779 49
Canal, turnpike and railroad dividends	33,400 25
Making the sum of	$1,604,838 05

One third of which was in the treasury at the commencement of the year, Nov. 15, two-thirds before the 1st of January, 1855, and the residue before the middle of April, and of the remaining $386,193 42, a considerable portion was in the treasury during the first half of the year. The amount required in New York during the year ending November 15, 1855, was $1,317,482 76, being less than the amount that had come into the treasury by the 1st of March, of that year, four months before the July interest fell due.

It might be supposed that it would be necessary to pay a premium for exchange to meet the January interest, as county treasurers pay in large sums of money, on, or after the 20th of December. Such would be the case when the fund remaining from the preceding year is insufficient for that purpose, not otherwise. At the close of the fiscal year, Nov. 15, 1854, the amount of sinking fund in the treasury was $556,658 31 9. The amount of inrerest payable in New York, Jan. 1, 1855, was $421,320 75, or $135,337 56.9 less than the sinking fund in the treasury, Nov. 15, 1854.

Mr. Breslin also claims to have paid $2,725 54 for premium on exchange purchased subsequent to Nov. 15, 1855, to pay the interest due Jannary 1, 1856. The balance of sinking fund in the treasury, Nov. 15, 1855, by the treasurer's report, was $516,705 58 9. The interest due January, 1, 1856, was $406,365 27, being $110,340 31 9 less than the fund in the treasury, applicable to its payment the 15th of the preceding November. It will be observed that in these calculations the committee make no account of the embarrassed condition of the fund ; a condition in which it was placed by the treasurer, in the manner already stated.

When Mr. Breslin went out of office, January 14, 1856, the treasury books showed that he held of public funds, the following sums :

Balance of treasury accounts proper	$204,987 97
Redemption fund of the Canal Bank, Cleveland	81,434 47
Total appearing from the books	$286,422 44
He had also received from county treasurers and others, for which certificates had been issued, but not appearing on the books, sums amounting to	760,715 70
Total amount in Mr. Breslin's hands	$1,047,138 14

After crediting him with the exchange before adverted to, and the amount refunded Perry county, say $21,182 64 1.

Mr. Gibson, the present treasurer, in his communication of March 29, 1856, to the finance committee of the Senate, states that the several sums of money paid to him by his predecessor, were as follows:

From the 14th to the 18th of January, 1856		$383,672 27
" 6th " 16th of February, 1856		90,498 35
March 3d and 5th		361,930 95
		$836,101 57
Leaving still unpaid in Mr. Breslin's hands		$211,036 57 3
The deposits in suspense were, Commercial Bank of Toledo	$26,271 23	
City Bank, Cincinnati	79,811 95	
W. W. Cones & Co	47,767 99	
Daniel Beckel	50,785 48	
		$204,636 65 0
Balance not paid over, nor accounted for		$6,399 92 3

Although by Mr. Gibson's late annual report, it would seem to have been paid to him. This was not, however, the fact, as will appear hereafter. Although this sum is larger than that stated by the present treasurer, the committee have no doubt of its correctness. It was ascertained, upon a careful examination, and agrees with the amount as computed by Mr. Breslin.

It is proper to remark here, that Mr. Beckel has paid $10,000, of his indebtedness, and the residue will probably be paid.

When Mr. Gibson entered upon the discharge of the duties of treasurer, January 14, 1856, and thereafter, as before stated, he received of Mr. Breslin, including the $6,399 92 3, not paid, but with which Mr. Gibson charges himself, the sum of $842,501 49 3.

The manner of depositing money by the present treasurer is very much the same as with his predecessors. Comparatively but a small amount of such transactions appear from the books in the office.

By the statement made to the finance committee of the Senate, by Mr. Gibson, March 14, 1856, it is shown that the sinking fund, then in treasury, amounted to		$972,746 17
Less the before mentioned suspended claims		204,636 65
Nett available balance, March 14, 1856		768,109 52

Including the estimated receipts to come in from three counties, which had not then settled with the treasurer.

At the same time the treasurer held the following funds, available in New York before July, viz:

Scioto Valley Bank, on Atwood & Co., New York	$5,000 00
Canfield & Ladd " " "	10,000 00
Seneca County Bank, on American Exchange Bank	95,757 40
Atwood & Co., New York, balance of acc	9,237 03

Harper, Ayers & Co., on Atwood & Co., N. Y.	5,000 00
Certificate Franklin Bank, Columbus, payable in exchange	4,191 05
Coin in treasury	15,110 60
Total	$144,298 08

In another statement, made by the treasurer to that committee, March 28, 1856, the following items of exchange, and provisions for exchange, not included in the communication of March 14, appear to have been obtained and made by him:

Clinton Bank on Atwood & Co., payable in May	60,000 00
Exchange for which arrangement had then been made	65,000 00
Amount then provided and arranged for	$269,298 08

The cost of the exchange then held, amounting to $204,298 08, including the balance with Atwood & Co.; the certificate of the Franklin Bank, payable in exchange, and the coin, (exchange for which would cost nothing) was as stated by the treasurer, March 28th, $83 50. The July interest amounted to $406,365 27, so that, up to the 28th of March, the treasurer had funds available in New York, for more than half the interest, at a cost of only $83 50, leaving $202,066 19 to be afterwards obtained, including, however, the above $65,000, for which the treasurer had then made arrangements, and for this sum the treasurer paid $2,664 14 premium on exchange; being a fraction less than one and one-third per cent. And leaving out the $65,000, arranged for by the treasurer, (as the committee suppose, without cost for exchange) the premium, charged as paid, is nearly two per cent.

The remarks hereinbefore made, in relation to premium on exchange, apply with equal, perhaps greater propriety to this charge.

The exchange, which the treasurer had on hand at the time above stated, was payable at sight, or as early as during the month of May. The treasurer, however, made no deposit with the State depositary, in New York, until the 1st day of July, 1856, the day on which the interest was payable. The accounts of the New York agency of the Ohio Life Insurance and Trust Company, which is the depositary selected by the commissioners of the sinking fund, show the following deposits made by the treasurer, to meet the July interest:

July 1, 1856	$304,647 46
" 1, "	30,000 00
" 2, "	27,049 17
" 3, "	1,740 00
	$363,436 63

Amount of July interest $406,365 27, or $71,717 81, more than the amount provided to meet the same, July 1. A sufficient sum to cover the July interest was deposited a few days after the above. On the 1st of July the Trust Company put at the disposal of the transfer agent, the full amount payable that day, viz, $406,365 27.

We have already stated that the sinking fund in the treasury, March 14, largely exceeded the July interest, and we are of the opinion that the amount required might and ought to have been deposited with the Trust Company. in New York, during the months of April and May, and the early part of June, without cost for exchange. It will be observed that, by the failure to deposit funds for the July

interest at the time it became payable, the credit of the State was left dependant upon the ability and good will of the Trust Company.

There was in the treasury, after deducting the suspended claims, and the claims of the late treasurer, for exchange, paid, May 31, 1856	$852,871 08
June 14, 1856	884,600 68
July 1, " including July interest	862,441 09

So that there could have been no necessity for the delay in placing the depositary in funds, before the day on which the interest matured.

By the 12th section of the act of April 8, 1856, prescribing the duties of the auditor and treasurer, it is provided that "no money belonging, or due to the State "shall be deposited, placed or kept by the treasurer, or by his direction, order or " assent, elsewhere than in the treasury office at Columbus," without security as provided in said section.

The treasurer has, partially, not fully, in any instance, complied with the requirements of that section. Some of the depositors have given bonds, but others have not. These bonds had not been approved when the committee made their examination, December 17, 1856; delays having been occasioned by the sickness and death of the late attorney general, and other causes, as the committee are informed. The depositories giving bonds are as follows:

Piqua Branch Bank, bond of William Scott and Joseph G. Young, $50,000, dated May 22, 1856. Kimball & Co,, bond of Philo Chamberlin, I L. Hewit, George W. Neil and J. H. Chamberlin, $50,000, without date. Franklin Bank, Columbus, bond of D. W. Deshler, Thomas Wood and William S. Sulivant, $50, 000, dated May 22, 1856. Seneca County Bank, bond signed L. Baltzell, President, Charles L. Johnson, Cashier; Charles L. Johnson, L. Baltzell, E. Umsted, H. Welch, R. McD. Gibson, $75,000, dated July 13, 1856. Tomb, Huss & Co., Tiffin, bond of B. Tomb, John T. Huss, and George R. Huss, $40,000, dated October 10, 1856. Dunlevy, Drake & Co., Cincinnati, bond signed Dunlevy, Drake & Co., $150,000, A. H. Dunlevy, dated ———————— Bartlitt & Smith. bond of J. F. Bartlitt, B. E. Smith, Thomas Sparrow, $50 000, dated May 22, 1856. Ohio Life Insurance and Trust Company, bond signed by Charles Stetson, J. C.Wright, S. C. Parkhurst, Clement Deitrich, Charles W. Enyart, S. J. Broadwell, A. M. Taylor and Samuel Fosdick, $200,000, dated May 1, 1856.

The last is the only one of these obligations that is a sealed instrument. When the obligations were delivered to the treasurer, the committee are not informed, except as to the last, which was about the 25th of December, 1856.

The committee report herewith the statements of the funds in the treasury made by Mr. Gibson, the 14th and 28th of March last, and statements obtained of him showing the condition of the funds, November 1, November 15, and December 15, 1856. The following is a statement of the amount for which some of these depositaries, and others, were liable at different dates during the year.

March 14, 1856.		
Seneca County Bank, certificates	$38,857 81	
" " drafts on New York	95,759 40	
		$134,617 21
Tomb, Huss & Co., Tiffin		33,949 70
Bartlitt & Smith		47,305 45
Advances to State House contractors, and for materials		20,592 67
Drafts of canal board for auditor's warrant		75,690 48
March 28, 1856.		
Bartlitt & Smith, certificates		34,990 45
Seneca County Bank, checks and certificates		113,078 59
Tomb, Huss & Co		33,949 70
November 1, 1856.		
State House claims		5,222 00
Seneca County Bank		25,500 00
Tomb, Huss & Co		17,500 00
Kimball & Co., Cleveland		30,194 00
Bartlitt & Smith		49,213 00
November 15. 1856.		
Balance due from Breslin		6,048 60
State House claims		4,414 49
Kimball & Co		34,249 00
Bartlitt & Smith		43,724 80
December 15, 1856.		
Forrer, Burt & Co., contractors on canal		10,000 00
State House claims in hands of Bartlitt & Smith		4,414 39
Part advanced by Breslin and part by Gibson.		
Tomb, Huss & Co.		48,946 35
Bartlitt & Smith's account	$34,650 46	
" " draft on New York	34,000 00	
" " auditor,s draft on county treasurers	103,000 00	
		171,650 46
Kimball & Co		38,625 16

The committee think the practice, which has long prevailed at the treasury, of advancing money to persons having claims against the State, before appropriations have been made, and without a warrant from the auditor, is improper and dangerous. The treasurer thus becomes interested in the claim, as the security held by him for money loaned, and has a motive for urging its allowonce by the General Assembly and the auditor, inconsistent with his official duties. We do not intend to say that the advances shown by the preceding statements were made through improper motives, by either the late or present treasurer, but we do mean to say, that the practice is inconsistent with the proper discharge of official duties, and should cease.

The advance on the State House claims was, in March last, $20,592 67, and had been larger. They are reduced to $4,414 49, which is one-fourth of the original amount of these particular bills, the other three-fourths having been paid

under the appropriation act of 1856. They are held by Bartlitt & Smith, who made advances upon them, and then obtained the money from the treasury.

The committee learn from the treasurer that he did not designate any depositaries for tolls collected on the public works, and that the collectors remitted directly to the treasury, generally in bank notes, by express. The deposits were made by the treasurer himself in most cases. Some mode of transacting this kind of business, by which the charges for transportation of funds would be avoided, should, if practicable, be adopted.

The firm of Kimball & Co., bankers, of Cleveland, consisting of the late attorney general, (now deceased.) and his brother-in-law, Philo Chamberlin, was formed last spring, and soon after its formation, obtained of the treasurer a deposit of about $30,000 of public funds, with the understanding, as the committee learn from the treasurer, that it should be repaid, if required, to meet the July interest. No part of this deposit had been paid, December 15, 1856 ; it had then increased.

About the 1st of January, 1856, Bartlitt & Smith paid Mr. Breslin, the late treasurer, $40,000, due the treasury from the sureties of his predecessor, for which they took real estate and other effects, as stated in the depositions of Mr. Sullivant, Mr. Carrington, and Mr. Smith, which have not hitherto been available in their business. In the statements furnished by the treasurer, it is shown that that firm have been indebted to the treasury in about the same amount, at least, since the 14th of March, 1856. On the 15th of December, 1856, they were liable to the treasury f r $171,650 46. Their bond is $ 50,000, with Thomas Sparrow as surety. They have withdrawn $40,000 from their business, and invested it in unproductive and unavailable property and assets ; have provided funds to start a bank in Maryland, and on the 15th of December were liable to the treasury for $171,650 46.

The committee have examined, to some extent, the accounts of the late board of commissioners of the canal fund. The accounts in that department were not kept with sufficient accuracy and regularity to enable us to ascertain how money had been used or deposited, between the times of drawing the same from the treasury and depositing it in New York, except in a few instances. That the sinking fund was loaned is evident, but to whom, or at what rate of interest does not appear, in all cases. Accounts of loans to a few railroad companies, and the Columbus Insurance Company, appear on the books, and at seven per cent. interest, as we infer from the credits to interest account. These loans, except the one to the insurance company, were promptly repaid. It is doubtful whether that to the insurance company is of any value.

The books show that money, in considerable amounts, was at times in the hands of one or other of the commissioners, chiefly Mr. Sill's, the acting member of the board, for months before required in New York ; and, we judge from the credits of interest received, was loaned. By the same interest account, we learn that, during a portion of the time, while the commissioners were loaning moneys, they were also borrowers, and paying interest.

The late board, in making their final report, February 26,1852, and giving a general summary of their transactions for the preceding seven years, say "there has also been received for interest on deposits the sum of $119,037 88." The account of interest shows that the commissioners received for interest on loans $111,309 47, and Mr. Sill says the residue, $7,728 41, to make up the sum of $119,037 88, is included in some other account. The same account shows that during the period named, the commissioners paid interest on temporary loans, $61,694 30, and their successors, the commissioners of the sinking fund paid $1,-720 83 for interest accrued upon loans prior to January, 1852, leaving a balance, to the credit of interest on temporary loans, of $55,622 70. Of the items credited

to interest, the sum of $6,525 09 was not interest received, but items of over-payment refunded, interest abated, premiums received on exchanges of stocks, &c.; and some items charged as interest paid were for premiums on exchange, and interest abated, &c. Making the corrections, the net amount of interest received, over interest paid on temporary loans, would not exceed $50,000. The commissioners did not practice charging the New York depositary with the items remitted, but with the gross amount; and these charges were made usually twice a year, on receiving the January and July accounts from New York.

The committee advert to these facts for the purpose of showing that the loose system of accounts prevailed in every department of the government, and not because the committee have any evidence, or means to charge that the accounts were thus kept for the purpose of covering up illegal or improper uses of the public funds.

The transaction mentioned in the depositions of M. Johnson, Mr. Wood and Mr. Sill, concerning the loan of $100,000 to the Commercial Bank of Toledo, does not appear any where on the books of the department—that is, the committee could find no account of the transaction. They believe the version given by Mr. Sill to be the correct one.

The loose manner of making up the accounts would greatly facilitate illegal and improper uses of the public funds, were officers inclined to make them, and might furnish the temptation.

The acting commissioner of the canal fund resided at a distance from Columbus, and was not required to be at the office much of the time, which may, to some extent, account for, though not wholly excuse the irregular condition of the accounts.

At the beginning of the period, extending from the year 1845 to the year 1852, the credit of the State had become very much depreciated, but as a consequence of the change in the financial legislation of the State soon after adopted, together with the skillful management of the sinking fund, and the prompt payment of the public debt, and interest thereon, as they fell due, that credit had not only revived in January, 1852, but had reached a higher point than it had ever before attained.

The system of finance and taxation then adopted, and which has not undergone any change in its general character, with the measures since then taken for raising a permanent sinking fund, had enabled the commissioners of that fund, during the four years preceding January 1, 1856, to redeem of the principal of the public debt $1,610,461 78, besides paying the semi-annual interest on the entire debt of the State.

The payments of the principal of the public debt were made during that period, as follows:

In the year 1852	$76,158 12
do do 1853	324,470 47
do do 1854	693,242 52
do do 1855	516,590 67
	$1,610,461 78
Premiums paid on purchase of above stocks	53,656 04
Total amount paid for redemption of public debt	$1,664,117 82

Included in the foregoing purchases were the following :

In 1853–4–5, 6 per cent. stocks of 1863	$399,155 73	
Premiums paid on same	27,261 24	
		$426,416 97
In 1854–5–6, 6 per cent. domestic stocks of 1863	23,300 00	
Premiums paid on same	1,120 00	
		$24,420 00
Making the sum of		$450,836 97

Expended to purchase the debt not yet due.

The committee readily concede that in making these purchases, the commissioners acted in good faith, and, as they believed, for the best interests of the State ; yet the committee seriously doubt the financial soundness of the policy that appropriated to the purchase of the debts maturing January 1, 1861, and January 1, 1864, funds that might have been applied to the redemption of the debt due January 1, 1857. The money so appropriated might, under existing laws, have been invested in stocks of the United States, and thus have been profitably preserved until required for the payment of the debt due January 1, 1857. From the failure of the general assembly of 1852, as also that of 1854, to enter upon measures to raise by taxation the funds necessary to pay the debt due at the close of the year 1856, it was evident that a new loan would be necessary, and a resort to it contemplated by those legislatures to meet such portion of that debt as might exceed the amount of sinking fund applicable thereto. The levy of a sufficient tax to redeem the debt of 1856, was pressed upon the general assembly of 1852, and again upon that of 1854, but obtained no favor with either ; on the contrary the levy for sinking fund purposes was, by the latter general assembly, reduced from one and one-fourth mills in 1854, to one mill in 1855. Sound policy therefore, in the judgment of the committee, required that the available sinking fund should be preserved for the redemption of the debt first falling due, so as to reduce the amount which it might be found necessary to borrow in 1856. The course pursued, together with the embarrassed condition of the sinking fund at the close of the year 1855, as a consequence, continued during the year 1856, made it imperative upon the State to go into the New York market with a loan nearly equal to the amount of the principal maturing January 1, 1857.

Had the before mentioned sum of $450,836 97, been reserved, and the sinking fund in the treasury at the close of 1855, as set forth in the auditor's annual report for that year, been available, it would not have been necessary for the State to borrow a sum exceeding $1,500,000, to redeem the debt of 1856.

The sinking fund in the treasury Nov. 15, 1855, by the auditor's report, was $537,499 06.

This sum is subject to the following deductions, viz :

Erroneous transfer from canal fund	$200,000 00	
Claim against City Bank, Cincinnati	79,811 95	
Do. Daniel Beckel	50,785 48	
Do. W. W. Cones & Co.	47,767 99	
Breslin's acconnt for premiums paid for exchange, and interest refunded Pike county	18,623 11	
		$396,888 53
Actual available sinking fund Nov. 15, 1855		$140,610 53

The propriety of these deductions will be apparent from the following facts. At the close of the fiscal year ending Nov. 15, 1855, the auditor transferred from the canal fund to the sinking fund the sum of $200,000, which was then an apparent

balance in favor of the canal fund. It was subsequently ascertained that there was a large amount of outstanding claims upon that fund, which with the amount of tolls suspended in the Commercial Bank of Toledo, would probably exceed the sum transferred, thus leaving no nett proceeds to transfer to the sinking fund. The other items, except the $18,523 11, were deposits of sinking fund to procure exchange, and the cost of exchange would properly be chargeable to that fund.

The auditor in his report for 1855, estimated the sinking fund for 1856, as follows:

Balance in the treasury Nov. 15, 1855	$537,499 06
Taxes of 1855	820,000 00
Nett proceeds of canal tolls	200,000 00
Sales of school and ministerial lands	145,000 00
Turnpike, canal and railroad dividends	40,000 00
Surplus revenue from counties	65,000 00
	$1,807,499 06
Deduct total annual interest	963,080 01
Balance applicable to redemption of public debt	$844,419 05

The following statement will show the true condition of the fund for the year 1856, and the errors of the preceding estimate:

Net available balance, Nov. 15, 1855, as before stated		$140,610 53
Taxes of 1855 and delinquencies of 1854		838,234 82
Principal and interest of surplus revenue		52,585 04
Sales and rents of school and ministerial lands		136,371 19
National road		3,052 50
Turnpike, canal, and railroad dividends		35,968 07
Collected of securities of John F. Johnson		1,246 76
Sales of land		956 27
Total sinking fund for 1856		$1,209,125 18
Disbursements for 1856	$964,264 65	
Premiums for exchange not in first account	5,473 18	
		969,737 83
Actual available balance Nov. 15, 1856		$239,387 35
Error in auditor's estimate of Nov. 15, 1855		605,031 70

In estimating the sinking fund for 1857, nothing can be counted upon from the canal fund, unless the $200,000 transferred Nov. 15, 1855, be restored to the fund. If this be not done the demands upon the canal fund will probably exceed the available amount.

We estimate the canal fund as follows:

Balance in the treasury Nov. 15, 1856		$59,591 79
Restored from sinking fund		200,000 00
Estimated receipts of 1857, by auditor		450,000 00
Total canal fund for 1857		$709,591 79
From which deduct amount due sinking fund	$130,000 00	
Suspended tolls in Toledo bank	26,271 23	
Estimated expenditures, by auditor	350,000 00	
Add for outstanding debts	40,000 00	
		546,271 23
Supposed net balance from canals for 1857		163,320 56

The sinking fund for the year would then stand as follows:		
Balance in treasury Nov. 15, 1856, before stated		239,387 35
Duplicate of 1856		555,000 00
Canal, turnpike, and railroad dividends		35,000 00
Surplus revenue		53,000 00
School and ministerial lands		137,000 00
Daniel Beckel, considered good, $10,000 of which is paid,		50,000 00
State bonds		2,400,000 00
Premiums on same		84,000 00
Transfer from canal fund, estimated above		163,320 56
Total sinking fund of 1857		3,716,707 91
Which is chargeable with redemption of debt due Jan. 1, 1857	2,508,709 79	
Interest on foreign debt	810,000 00	
Do. domestic debt	16,000 00	
Do. Irreducible debt	135,000 00	
Redemption fund 1856 and 1857	246,000 00	
		3,715,709 79
Balance		998 12

To which may be added the proceeds of sales of canal, turnpike and railroad stocks, should any be sold; and whatever may be received of the claims against the Commercial Bank of Toledo, the City Bank of Cincinnati, and W. W. Cone & Co,, but the last three items are not to be relied on.

Some of the sources from which considerable portions of the sinking fund have heretofore been derived, are nearly exhausted, and others, it is apparent, are not reliable, so that the chief source hereafter to be looked to, is taxation.

Four years hence there will become due and payable of the foreign debt of the State, $6,413,325 27. The redemption fund provided for in the constitution and laws of the State, will, properly managed, at that time raise of this amount, the sum of $713,325 27, leaving $5,700 00, to be otherwise supplied. There are but two modes of raising this sum in which confidence can be placed, namely, a new loan and taxation.

The general assembly of 1852, and again that of 1854, discarded the policy of raising by taxation a sufficient sum to meet the debt of 1856. The reasons which then existed still exist, to forbid the levy of heavy and exhausting taxes upon the people for the redemption of the debt of 1860, however much the payment of that debt is to be desired.

The committee take pleasure in saying that in the examinations made by them, of the transactions of the commissioners of the canal fund, and their successors, the commissioners of the sinking fund, they have found nothing to to impeach the integrity of either. Where, in the opinion of the committee, errors have been committed, they have been fairly and fully stated, that they may hereafter be avoided, and not as reflecting upon either body; both of whom the committee believe, endeavored faithfully to discharge their duties to the State; and to protect and maintain her honor and credit.

As respects the other departments of the government which have been under examination, the committee have endeavored to consider and report upon them impartially; they have directed their attention more to the character of the transactions themselves than to the officers; and whatever there is in the report that may reflect upon any person, it is chargeable to the transaction considered, and not to any wish, on the part of the committee, in the slightest degree, to do injury to any one.

The committee cannot avoid the conviction that the chief errors that have been committed in some of the departments examined, have not been ascertained, and probably never will be, in such form as to justify a report thereon; and they trust that such measures may be adopted by the General Assembly, as will prevent their recurrence.

In concluding this report, the committee consider it their duty to recommend such measures as in their judgment will best tend to remedy the evils adverted to, and prevent, in future, the errors into which public officers have heretofore fallen. A perusal of this report will suggest remedies proper to be applied in many instances, and the committee will therefore advert to a part only of the remedies which they think should be adopted.

That all moneys collected by any officer of State, in the discharge of his official duties, should be paid into the State treasury.

That proper accounts be kept in all departments, including the office of the secretary of state and the library, embracing receipts and expenditures in those departments.

That the auditor and treasurer of State be authorized and required, with the aid of a competent accountant, to devise a complete and corresponding system of accounts in their offices, with proper checks upon each other; and that they be required, also, to make up at least once in each month, a balance sheet of the several accounts in their respective offices, and compare the same together.

That the treasurer of state be required, once in each month, to make in writing a statement of the kinds of funds in the treasury. the names of the several depositaries of the public funds selected by him, with the amount in each depositary; as also the average amount during the preceding month; and that these monthly statements, and the treasurer's monthly balance sheets, be included in and made part of his annual report; and that the treasurer be prohibited from making deposits elsewhere than within this State.

That the commissiocers of the sinking fund, as often as moneys belonging to that fund to the amount of $ accumulate in the treasury, withdraw and transmit the same to the depositary in New York; and have power to invest such portions thereof as may be applicable to the redemption of the principal of the public debt in or upon the security of the certificates of the funded debt of the United States, or of this State; and in case investments shall be made in the certificates of the public debt of this State, maturing after the time at which such funds shall be required for the purposes for which they were raised, that they have power to sell such certificates.

That a commission be appointed annually to examine and compare the vouchers in the auditor's and treasurer's offices, and compare the same with the accounts in those offices.

All of which is respectfully submitted.

R. W. TAYLER,
B. F. SMITH,
JOHN A. SINNET.

COMMUNICATION

FROM THE

TREASURER OF STATE IN REPLY TO SENATE RESOLUTION.

IN SENATE, DECEMBER 23, 1852.

TREASURY OFFICE, OHIO,
COLUMBUS, DECEMBER 23, 1852.

TO THE SENATE:

The following resolution of your honorable body has been received at this office, and the treasurer has the honor to reply:

Resolved, That the Treasurer of State be required to communicate to the Senate distinct and specific answers to the following interrogatories:

"1st. What amount of money was paid by A. A. Bliss, late treasurer of state, to the present treasurer, J. G. Breslin, on the 12th day of January, 1852, when said office was transferred from the former to the latter?"

The amount paid was two hundred and forty-six thousand five hundred and seventy-six dollars and thirty cents.

"2d. What amount of money has the said Bliss paid to said Breslin at any time subsequent to the day of transfer?"

The amount paid was eight hundred and sixty-eight thousand six hundred and sixty-six dollars and twenty-one cents.

"3d. What amount of the certificates of A. A. Bliss for public money deposited with him, the said Bliss, as treasurer of state, has been presented to and accepted by said Breslin, up to the present time?"

The amount "presented and accepted" was eight hundred and sixty-eight thousand six hundred and sixty-six dollars and twenty-one cents.

"4th. Whether the said Bliss, late treasurer of state, accounted to the said Breslin for the full amount of the certificates presented to him, and if so, whether satisfaction therefor has been rendered by the said Bliss by the exclusive payment of money, or in part of written securities, and if the latter, of what said securities consist?"

The payments in full for said "certificates," were made by the late treasurer in currency, drafts, checks, and certificates of deposit.

"5th. Whether, within the knowledge or belief of the present treasurer, any supposed mistake, or actual defalcation of A. A. Bliss, late treasurer of state, to the amount of sixty-five thousand dollars, or any other amount, has caused the securities of the said Bliss to require or accept from said Bliss, or from others on his behalf, a deed of trust, or other instrument of writing, for the security of themselves, the treasury, or the treasurer?"

The undersigned is not sufficiently acquainted with any transactions between the late treasurer and his securities, or others, to enable him to furnish any information upon this branch of the resolution.

"6th. Whether such deed of trust, or instrument of writing, if any such exists, was originally made, or has been subsequently transferred to J. G. Breslin, either for the security of himself, or for the use and benefit of the State of Ohio, and whether said instrument of writing was submitted, before acceptance, to the inspection of the attorney general, or other executive officer?"

No "deed of trust or other instrument of writing," of any kind, has ever been "transferred" to or received by the undersigned "for his own security," or for "the use and benefit of the State of Ohio."

"7th. Whether, so far as the books and papers of the state treasury office show, and so far as the present state treasurer has reason to believe, or suppose, the whole amount of public money received into the custody of A. A. Bliss, late treasurer of state, has been disbursed to public creditors, or been actually paid over to his suecessor in office?"

The undersigned has no information upon the subject of the disbursements of the late treasurer, other than that contained in the official reports of the late auditor and treasurer of state, and as appears by the "books and papers" of this office. The remaining portion of the interrogatory is answered above.

Respectfully,

J. G. BRESLIN,
Treasurer of State.

[No. 1.] COPY FROM NOTARIAL RECORD.

Columbus, Ohio, October 1, 1852.

Pay to the order of John G. Breslin, treasurer of the State of Ohio, five thousand dollars.

To Exchange Bank, Columbus Ohio.

$5,000.

THOS. MOODIE,
W. S. SULLIVANT,
J. S. ATWOOD,
M. L. SULLIVANT,
DEMAS ADAMS, Jr.

On Thursday, the 6th day of December, 1855, I received from John G. Breslin, Treasurer of the State of Ohio, eight bills of exchange, numbered from 1 to 9 inclusive, No. 6 of the series not being received by me; all of which bills were of the same tenor and date; the above being a true copy of No. 1, all signed by the same parties. Two of the series were drawn on the Franklin Branch Bank, Columbus, O.; three of them on the City Bank, Columbus, O., and three of them on the Exchange Bank, Columbus, O., and for the same amounts, $5,000 each; and on the same day, I duly presented said bills

for payment at the said banks respectively, and payment was refused. Whereupon I protested the same for non-payment, and on the same day served written notices of said demand of payment, and refusal, on the drawers as follows: On Thomas Moodie, personally; on W. S. Sullivant and M. L. Sullivant by leaving the same at their residences; on Demas Adams, jr., Adm'r, to wit: Demas Adams, by leaving the same at his residence, and deposited a notice to J. S. Atwood, in the post office, Columbus, O., directed as follows:

"Jacob S. Atwood, Wall street, New York city," postage paid.

FRANCIS COLLINS,
Notary Public.

DEPOSITION OF THOMAS MOODIE.

Question by committee. State what you know, from your own knowledge, or from information of others, concerning nine drafts, of $5,000 each, bearing date, October 1st, 1852, drawn by Thos. Moodie, W. S. Sullivant, J. S Atwood, M. L. Sullivant, and Demas Adams, jr., in favor of John G. Breslin, treasurer of the State of Ohio, on the Franklin Bank of Columbus, City Bank of Columbus, and Exchange Bank of Columbus. State the origin of these drafts, their consideration, how and when, if ever, paid; state fully, and particularly, every thing connected therewith.

Ans. Drafts answering the above description—what number I cannot now say—but for from $40,000 to $50,000, so far as I can recollect, were signed by me about the 1st of October, 1852. They were given for an apparent balance against A. A. Bliss, as treasurer of the State of Ohio. I and the other parties signing the checks were sureties on Mr. Bliss' bond to the State, and the checks were given in fulfillment of the obligation in that bond. I did not pay the checks, or any part of them, but was informed by some of the co-drawers they had been paid. I cannot say when I was so informed, but my impression is, I so understood the matter before the checks were protested by Mr. Collins, notary public; and that I so told him when he presented them for payment about a year ago. My statement to him, I think, was, that the checks, I understood, had been paid, or the greater part of the amount, leaving then but a small amount unpaid.

Ques. State whether any of the officers of State, at any time, during the last eighteen months, borrowed any sum or sums of money, to meet the public dues; and if so, of whom, and upon what security? State the same, whether from your own knowledge, or information of others?

Ans. I am ignorant of any such transaction.

THOS. MOODIE.

I certify that Thos. Moodie, was by me first duly sworn to testify the truth, the whole truth, and nothing but the truth, in answer to the questions that should be put to him by the Joint Committee of the General Assembly of Ohio, on Finance, and thereupon the foregoing deposition was given, and subscribed by him, this fourteenth day of December, 1856.

R. W. TAYLER,
Chairman of Joint Committee on Finance.

DEPOSITION OF W. S. SULLIVANT.

Question by committee. What was the amount of the deficit of A. A. Bliss, former treasurer of state, at the expiration of his term of office, how was the same settled and adjusted, and when and how, finally paid?

Ans. When Mr. Bliss' term expired, he was short $60,000 or $65,000, for which the sureties on his official bond, or a part of them, gave checks on the banks in Columbus, in favor of Mr. Breslin, treasurer of state, who gave us his receipt for the amount. A portion of these drafts were paid by the drawers, at vaious times, up to December, 1855, when there remained unpaid about $40,000 of the amount. This amount we arranged with other parties, who took up and delivered to us the drafts that were then outstanding. At the time we gave these drafts, Mr. Bliss conveyed for our security, some lands in Ohio, in and near Columbus, and some notes on men in Michigan, railroad stocks, plank road stocks, bank stocks, &c. On a part of these we realized. Some of the real estate was on hand at the time the drafts were taken up, and was conveyed to the parties who took up the drafts.

In these transactions, Mr. Carrington, of Columbus, acted as our attorney, and kept the record of the transactions. The committee can ascertain, by calling on him, the particulars of the transactions.

The lands referred to were conveyed to me in trust for the parties to the drafts. When the drafts were finally closed up, Mr. Bliss was present, and it strikes me, that the land then on hand, was reconveyed to him; but of this I am not positive. All I felt interested in, was to get up the drafts.

W. S. SULLIVANT.

I certify that W. S. Sullivant was by me first duly sworn, to testify the truth, the whole truth, and nothing but the truth, in answer to the questions that should be put to him by the Joint Committee of the General Assembly on Finance, and thereupon the foregoing deposition was given and subscribed by him, this fifteenth day of December, 1856.

R. W. TAYLER,
Chairman of Joint Committee on Finance.

DEPOSITION OF H. B. CARRINGTON.

Ques. by Committee. Please state your business and residence, also, whether you have any knowledge of matters appertaining to the relations of A. A. Bliss and John G. Breslin, former treasurers of State of Ohio, and the securities of said Bliss; if so, what are your means of knowledge, and its extent. Also, please state whether you made any, and what collections of the said Bliss, on behalf of said securities, for the liquidation of their liabilities on his account?

Ans. I am an attorney at law, and resident of Columbus, Franklin county, O. My knowledge of the relations of A. A. Bliss and John G. Breslin, former treasurers of the State of Ohio, and of the securities of the said Bliss, with both said Bliss and Breslin, is derived, and consists, as follows, to wit:

During the month of January, A. D. 1853, Mr. William S. Sullivant of Columbus, Franklin county, O., placed in my hands, for collection, sale, and reduction to cash, certain notes, stocks, and real estate, of which the following is a correct schedule, the stocks being estimated by their face.

97 shares	Columbus and Worthington plank road company	$2,425 00
12 do	Columbus and Groveport turnpike company	300 00
22 do	Gsanville plank road company	1,100 00
10 do	Lorain do do	500 00
20 do	Columbus and Portsmouth turnpike company	200 00
5 do	Columbus and Xenia rail road do	250 00
	do do scrip dividend	28 25
	Lorain bank stock	4,500 00
	do do cash	1,500 00
24 do	City Bank of Columbus	2,400 00
	do do State of Ohio 6 per cent. stock	2,400 00
5 do	Mad River railroad stock	250 00
8 Notes of James H. Beebe, each for		566 66

dated January 25, 1852, due in 8, 16 and 24 months, payable to A. A. Bliss, and indorsed by him; the same being also secured by mortgage upon subdivision No. 1, of in-lots 340 and 341, in the city of Columbus.

1 Note of A. Hyatt Smith of Janesville, Wisconsin, to J. Bodwell Doe, of the same place, dated Sept. 17, 1752, at 12 months, indorsed by Doe, and afterwards reduced to judgment in New York city	5,000 00
2 Notes of J. E. Beebe of Jackson, Michigan, to H. G. Bliss, of same place, dated Sept. 29, 1852, at 6 and 9 months, indorsed by H. G. Bliss, each for	1,500 00
1 Note of Church & Chittenden of New York city, to William B. Hotchkiss, of same place, dated Sept. 17, 1852, at 12 months, indorsed by William B. Hotchkiss	5,000 00

At maturity of said note, other notes were added by Hotchkiss for extension of time, he being insolvent, but obtaining indorsement of the Hotchkisses of Woodbury, Connecticut, for indulgence.

1 Note of M. R. Keith to William Dennison, Jr., dated Nov. 23, 1852, at 10 months, indorsed; paid at maturity	2,000 00
1 Note of B. E. Smith to John F. Bartlitt, dated Nov. 29, 1852, at 12 months; indorsed and paid	2,000 00
4 Notes of A. G. Lawrence and A. G. Keith, each for	500 00

to H. G. Bliss, dated August 17, 1852, at 6, 12, 18 and 24 mo.'s. Indorsed. The parties resided at Jackson, Michigan.

1 house and lot in Elyria.

2 in-lots, Nos. 298 and3 00, Columbus.

2 subdivisions, Nos. 3 and 11 of out-lots Nos. 62 and 63, in the city of Columbus.

20 acres, adjacent to Columbus, on Broad street.

My instructions were to advertise the real estate, and sell the same as rapidly as would be judicious, in view of the condition of the real estate and money market; also, to sell the stocks, to collect the notes, by suit or otherwise, and apply the proceeds to the payment of certain checks, thirteen (13) in number, drawn by Thomas Moodie, W. S. Sullivant, J. S. Atwood, M. L. Sullivant and Demas Adams, Jr., upon various banks in Columbus, to wit: the Clinton Bank, the Franklin Bank, the Exchange Bank, the City Bank, each for $5,000, dated October 1, 1852, and payable to the order of John G. Breslin, treasurer of the State of Ohio.

My first knowledge of the existence of said checks was upon receipt of the foregoing assets, for collection and disbursement.

The assets were placed in the hands of William Dennison, Jr., Esq., a short time previously to my control of them, but his engagements, as president of a bank and railroad company, interfered with the devotion of his time to their collection, and they were, therefore, taken in personal charge by myself. About the first day of January, 1853, we had formed the present law firm of Dennison & Carrington, and by that arrangement Mr. Dennison reserved to his other business the time necessary for its execution, and gave up all charge of this special trust.

Upon taking charge of the collection before represented, (in schedule,) I was advised as follows, to wit:

1. That A. A. Bliss, Esq., former treasurer of state, was indebted to the State of Ohio, upon final settlement, a large sum of money, and that he had placed in the hands of his securities (drawers of the checks aforesaid) his individual property, real and personal, in order that its reduction to cash, and its application to his credit with the State, might save both himself and securities from loss.

2. That the aforesaid checks, payable to the order of John G. Breslin, Esq., treasurer of the State of Ohio, amounting to $65,000, were to receive the application of the moneys derived from the said assets of Bliss, (and which assets, so far as my knowledge extends, are embraced in the schedule aforesaid.)

Affiant therein furnishes a full list, which was disposed of as follows; and being all that came under his custody or control.

1. REAL ESTATE—SOLD AS FOLLOWS.

In-lots Nos. 298 and 300, and subdivision Nos. 3 and 11 of out-lots 62 and 63, for..... $13,000 00

2. NOTES COLLECTED.

Two notes of James H. Beebe, nearly.
One and part of second, of J. E. Beebe.
Note of William R. Keith.
do B. E. Smith.
Two notes, nearly three, of Lawrence and Keith.

3. STOCKS SOLD.

Columbus and Granville plank road.
Columbus and Groveport turnpike.
Columbus and Portsmouth turnpike.
Columbus and Xenia railroad stock.
Columbus and Xenia railroad scrip dividend.
Mad River railroad stock.

From the proceeds of said sales, affiant paid and received from Mr. Breslin treasurer, five checks, amounting to $25,000.

Said payments were made as follows:

1853.			
February 14.	By cash paid J. G. Breslin	.....	$2,200 00
March 2.	do do do	.....	550 00
April 20.	do do do	.....	2,000 00
June 6.	do do do	.....	250 00
August 22.	do do do	.....	535 25
Sept. 21.	do do do	.....	2,000 00
November 9.	Real estate proceeds, as cash	.....	13,000 00

1854.	Paid Mr. Breslin:				
February	18.	By cash paid	J. G.	Breslin	2,100 00
June	30.	do	do	do	1,100 00
September	1.	do	do	do	1,264 75
					$25,000 00

During the winter of 1855 and 1856 the entire matter was settled by the securities, and Mr. Breslin. Affiant, was then sick, and has no knowledge of the particulars of the settlement. The remaining checks, representing $40,000, had been protested for non-payment, on, or about, December 6, 1855, and affiant was called upon at his house for the residue of the assets, which were given up to Bartlitt & Smith, of Columbus, upon the authority of Mr. Bliss and the secuirties who placed them in affiants hand for collection.

The assets thus surrendered were as follows:

Columbus and Worthington Plank Road stock, par value	$2,425 00
Lorain Plank Road, par value	500 00
Lorain Bank stock, of little value	4,500 00
City Bank stock	2,400 00
State, 6 per cent of same bank	2,400 00
One part of second note of J. H. Beebe	566 66
Note of Smith & Doe, in judgment	5,000 00
Balance on two notes of J. E. Beebe, say	600 00
Note of Church & Chittenden, and collaterals	5,000 00
One and part of two notes of Lawrence & Keith	500 00
House and lot in Elyria, say	1,000 00

20 acres on Broad street adjoining Columbus, estimated from $1,000 to $1,200 per acre.

Affiant has in his possession, his journal, setting forth his professional treatment of said collections, the details of which the committee can have if they desire them. And further, saith not.

H. B. CARRINGTON.

I certify that H. B. Carrington was by me, first duly sworn to testify the truth, the whole truth and nothing but the truth, in answer to the questions that should be put to him by the Joint Committee of the General Assembly of Ohio on Finance, and thereupon, the foregoing deposition was given, and subscribed by him, this 17th day of December, 1856.

R. W. TAYLER,
Chairman of the Joint Committee on Finance.

DEPOSITION OF B. E. SMITH.

Question 1st. What sum did Mr. Bliss owe to the treasury at the expiration of his term of office, that he was unable to pay in available funds, and how, and when did he pay the same?

Answer. I do not know what amount.

Ques. 2d. State what you know directly or by information of others, as to the deficit of Mr. Bliss, and how, and when, the same was paid?

Ans. In regard to the deficit of Mr. Bliss, I do not know the amount. Have understood that there was some errors in his accounts, which were paid.

Ques. 3d. Was there not the sum of $40,000, or thereabouts, arranged through the firm of Bartlitt & Smith, by the sureties of Mr. Bliss, about one year since ?

The firm of Bartlitt & Smith paid checks amounting to $40,000, which had been given for Mr. Bliss' benefit, the precise date I do not now recollect, it was about one year since, to J. G. Breslin.

Ques. 4th. In what did you pay Mr. Breslin ? Did you pay money, certificates of deposit, credit in account, checks, or otherwise ?

Ans. It was nearly all paid in drafts on New York.

Ques. 5th. Do Bartlitt & Smith now, in any form, owe the treasurer of state, either as deposits, certificates or drafts running to maturity, any sum or sums of money, connected with or growing out of the Bliss deficit.

Ans. They do not.

Ques. 6th. Who compose the firm of Bartlitt & Smith. Is any other person than yourself and J. F. Bartlitt a partner, or interested in any way, directly or indirectly, in their business, and, if so, state who ?

Ans. J. F. Bartlitt and myself, and no other person, either directly or indirectly, now or heretofore.

Ques. 7th. What real estate was conveyed to Bartlitt & Smith, or either of them, by Mr. Bliss, or on his account at the time the $40,000 was arranged, and what was the value, as also of the other assets assigned to them ?

Ans. A lot, of 20 acres, in this city was, I think, all the land conveyed to us. The value of the assets, as yet, I cannot give, as we have sold or traded them, or part of them, for other property.

Ques. 8th. Did you purchase this land and assets and pay the debt to Breslin therefor, or did you receive them as trustees, and if so, for whom ?

Ans. We purchased for our own account, and not as trustees.

B. E. SMITH.

I certify that B. E. Smith was, by me, duly sworn to testify to the truth, the whole truth and nothing bnt the truth in answer to the questions that should be put to him by the Joint Committee of the General Assembly of Ohio on Finance, and thereupon the foregoing deposition was given, and subscribed by him, this 17th day of December, 1856.

R. W. TAYLER,
Chairman of the Joint Committee on Finance.

DEPOSITION OF S. ROBERT, PRES. CITY BANK, CINCINNATTI.

Ques. 1. State when the account of John G. Breslin, Esq., late treasurer of State, commenced with the City Bank of Cincinnati, of what it consisted, and when it closed. What is the present balance ?

Ans. The account of J. G. Breslin, Treasurer, appears to have been commenced on the 3d day of February, 1852. It consists of moneys received by the bank from others and from himself for his credit. At his credit, by the books of the bank, $529 10, *at the credit of* the bank by the books of the Treasurer, $206 53.

Ques. 2d. The last item in the account appears to bear date Dec. 18, 1855, and is a credit to Mr. Breslin for a "check returned, $2,500." Please state what the check was, when drawn, on whom drawn, and how he came to return it to the bank ?

Ans. I suppose remitted, in part payment of balance against him in open account ; the character of the check not known.

Ques. 3d. What is the amount of the present liability of the City Bank to the late treasurer, or the State, and in what does it consist? If in bills of exchange, which have been renewed at different times, state when the first bills were drawn, on whom drawn, their amounts respectively, and when and where payable. In like manner state each renewal of these bills.

Ans. Seventy-nine thousand eight hundred and eleven ninety-five hundreths dollars, less or more $206 53 or $529 10. In three bills of exchange, all drawn on Winslow, Lanier & Co., New York, acceptance waived and dated October 1, 1854, payable as to time and amount as follows:

One on the first day of December, 1854, for	$30,000 00
One on the tenth day of December, 1854, for	30,000 00
One on the twentieth day of December. 1854, for	19,811 95
Making, together, the above sum of	$79,811 95

When the first time bills for Mr. Breslin, of which the foregoing are renewals, in whole or in part, were drawn, I suppose, I am unable, from the books, or any other source to ascertain with certainty. I think though prior to or in August, 1853. There are none of the officers or clerks, formerly in the bank, now in it, or in the city, and the books do not show the facts you wish to arrive at, more certainly than I state them.

Ques. 4th. State what consideration was paid, or agreed to be paid, directly or indirectly, to Mr. Breslin for the forbearance of collection, and what consideration was paid or agreed to be paid to any person therefor?

Ans. No consideration whatever, either directly or indirectly, has ever been or agreed to be paid to Mr. Breslin, nor to any person for him, for the use of funds deposited for his account or for the forbearance of collection, nor to the State.

Ques. 5th. Did these bills or any of them, constitute any portion of the account with Mr. Breslin, mentioned in your answer to the first question?

Ans. Answered in the foregoing.

Ques. 6th. When did you become connected with the bank and when did the bank become embarrassed?

Ans. I was elected a director of the bank in January, 1854, without my knowledge or consent. I did not then hold any stock, except enough to qualify me for a seat at the board. Had no knowledge of its affairs when I consented to serve, nor for some time afterwards. Do not know when it first become embarrassed; it must have been some time ago.

S. ROBERT.

I certify that S. Robert, was by me first duly sworn to testify the truth, the whole truth and nothing but the truth, in answer to the questions that should be put to him by the Joint Committee of the General Assembly of Ohio, on Finance, and thereupon the foregoing deposition was given and subscribed by him, this 1st day of October, 1856.

R. W. TAYLER,
Chairman of the Joint Committee on Finance.

LETTER OF S. ROBERT, PRES. CITY BANK, CINCINNATI.

CINCINNATI, CITY BANK,
Nov. 29, 1856.

R. W. TAYLER, Esq., Chairman, Columbus, O.

DEAR SIR:—Herewith I have the honor to hand you a statement of the City Bank of Cincinnati, delayed by the absence of the late clerk of the bank, who has been for some time absent from the city

In accordance with your wishes I have carefully estimated each asset of the bank, and have no hesitancy in saying that I believe a very large proportion of the debt due to the State by the bank, may be realized at no very distant day, if the liability of the latter can be so adjusted as to enable it to resume an active business. To so desirable an end I shall be pleased to give any assistance in my power.

With high regard, very respectfully,

S. ROBERT, *President.*

STATEMENT CITY BANK, CINCINNATI, Nov. 29, 1856.

ASSETS.

Cash	$3,141 28	
Bills of exchange	15,748 75	
Domestic notes discounted	40,632 48	
Suspense account, No. 2	771 61	
John Cook	4,711 11	
Suspense account	8,595 12	
Gregory & Burnet	2,500 00	
Plank road stock	5,000 00	
City Bank stock	48,000 00	
J. P. Reznor	7,800 00	
Trust Co.	35 53	
Notes in suit	9,000 00	
Exchange account, No. 1	9,514 32	
Exchange account	12,352 24	
Junction railroad stock	8,333 60	
T. P. Bodley	22 00	
Winslow, Lanier & Co.	120 02	
Barklie & Brown	43 00	
U. Jamison	700 00	
College hill property	71 85	
Real estate	5,144 00	
T. Cooks's estate	982 94	
Ohio State stock	50,000 00	
Premium account	13,248 27	
Personal property	3,071 79	
J. Carothers & Co.	21,494 70	
E. Kinney & Co	3 75	
		$271,038 3

LIABILITIES.

Norwalk Branch	58	
Exchange account, No. 2	10,955 33	
Depositor's account	77,016 69	
Capital stock	83,000 00	
Safety fund	50,000 00	
Vincenes Branch	21	
R. B. Hayes	100 00	
Mechanics' & Traders' Bank	5 00	
Office notes	49,877 00	
G. F. Lewis	83 50	
		$271,038 3

EXTRACT FROM TREASURER'S ANNUAL REPORT, OF DECEMBER 27, 1855.

In the spring of 1852, the treasurer designated the Commercial Branch of the State Bank of Ohio, at Toledo, as the place of deposit for collectors at Maumee City, Toledo, and subsequently at the Junction. This designation was made in pursuance of the 124th section of "an act to provide for the protection of the canals of the State of Ohio, the regulation of the navigation thereof, and for the collection of tolls," passed March 23, 1840, and the seventh section of the "act to provide for paying the temporary liabilities of the State, the interest on the State debt, and othor purposes," passed March 7, 1842. This continued until the 20th of November, 1854, when that branch of the State Bank failed, having a ballance undrawn of deposits so made to the credit of the treasurer of State, amounting to $24,805 93. Two other certificates of deposit on this branch, amounting to $1,465 30, alleged by the collectors to be on account of tolls received, were also paid into the State treasury, making an aggregate of $26,271 23.

At the opening of navigation in 1852, in pursuance of the acts above referred to, the collector at Cincinnati was directed to deposit the tolls collected by him in the City Bank of Cincinnati. At various times deposits were made in this bank by the treasurer, to procure exchange for the payment of interest and redemption of bonds. In December, 1854, this bank failed to meet the drafts given the treasurer for the amount of $79,811 95.

At the last annual settlement with H. P. Bowman, Esq., treasurer of Hamilton county, a certificate of deposit was received from him, for the sum of $70,000 00, upon the banking house of W. W. Comes & Co., Cincinnati. An arrangement was immediately made with that firm by the treasurer of State, to pay the same in exchange to meet the July interest, free of charge. Upon this certificate the amount of $22,232 00 has been paid; it was then protested for non-payment of the balance, amounting to $47,768 00.

Respectfully submitted,

J. G. BRESLIN,

Treasurer of State.

TESTIMONY OF HENRY P. BOWMAN, TAKEN BEFORE THE COMMITTEE OF THE SENATE.

1*st Question by Committee.* Please state the character and facts relating to the deposits of moneys belonging to the State by you as treasurer of Hamilton county; stating, particularly, the amount and date of each deposit; by whose order made, and all the facts and circumstances touching the same, within your knowledge.

Answer, Nov. 15th, 1854. The first payment made by me as treasurer of Hamilton county, to John G. Breslin, treasurer of State, was $35,986 87, as per letter inclosing receipt, marked A. This was an arrangement ot Mr. Breslin and Mr. Cones, being the taxes charged on duplicate against the Trust Company Bank for the year 1854. I received the treasurer of State's receipt for the same, being assured that it should be on account of his demand for interest funds which he would require of Hamilton county, for the purpose of aiding in the payment of the interest of the State debt.

Dec. 20. The next payment was $50,000, being the requisition for interest funds in addition to the amount already paid, (see paper marked B.,) which was paid to Mr. Cones. He presented Mr. Breslin's receipt or certificate, which I paid to him, which was in accordance to an arrangement previously entered into between Mr. Breslin and Cones, as Cones informed me.

March 23. The next transaction I had with the treasurer of State, was the payment of $150,000, which was paid to him as follows: A certificate of deposit for $70,000, being an amount previously arranged and agreed upon between Breslin and Cones, as I was informed by Cones, and afterwards the same was confirmed by Breslin. I having some time in January, wrote to Breslin to ascertain if he had made any arrangement for the residue of the State funds as to when and how he wanted them—his answer, see paper marked C. Subsequently Mr. Cones called on me and told me that Breslin had written a letter to him, at the same time showing the letter to me, desiring me to place this amount ($70,000) in the hands of W. W. Cones & Co., stating the reason was that he wished him to make arrangements for the purchase of exchange; saying if Breslin went into the market for that purpose it would cause it to go up. Having confidence in what Cones told me, and from previous transactions, I made the arrangement accordingly, which was afterwards confirmed by Mr. Breslin. Also, at the same time I paid Breslin $21,000 in Kanhawa bank paper or bills, which Mr. Cones informed me was an arrangement between him and Mr. Breslin, and the same was satisfactory to him when paid over; the residue ($59,000) was paid by a check on the Trust Company, making $150,000, which he gave a receipt or certificate, and afterwards received on final settlement, April 9th, 1853.

In relation to the Kanhawa paper, I have only to say that it was understood by me that Cones & Co., and Mr. Breslin were interested in the Kanhawa Bank as part owners; that Cones & Co., were engaged in protecting the circulation of the bank in Cincinnati; that the $21,000 I paid over to Mr. Breslin was received by me through Mr. Cones, with the understanding that Mr. Breslin was to receive the same, and that transaciion was for the purpose of protecting the circulation, as I understood it. I had no interest whatever in the Kanhawa Bank.

2d Question. From your knowledge of the pecuniary responsibility of W. W. Cones & Co., at the times the moneys deposited with them by direction of the treasurer of State, would you have considered it safe, to have made such deposits with them?—would you have deposited with them like sums on your own responsibility?

Answer. From my knowledge of the firm of W. W. Cones & Co., and their business relations, I should not have made such deposits which were made on my own responsibility. I deposited to some extent with them, but required them to secure me, which they did, by Mr. Cones executing a mortgage on real estate to the amount of $20,000, My deposits outside of the arrangements of the treasurer of State, I do not think at any time exceeded the security that I held. As to the balance of the transactions, I have made them all through the Trust Company.

HENRY P. BOWMAN.

The State of Ohio, Franklin county, ss:

The deponent, Henry P. Bowman, whose signature is appended to the foregoing deposition, was by me sworn according to law, to answer truly such interrogations as should be to him propounded by a committee of the Senate of Ohio, in respect to such matters as they should inquire of him.

Given under my hand, this 20th day of March, A. D. 1856.

JOHN G. MILLER.

Justice of the Peace in and for the said county.

TREASURY OFFICE,
Columbus, Ohio, Nov. 11, 1854.

W. W. CONES, Esq.:

SIR—In answer to your inquiry, I reply that the notes of the Miami Valley Bank, Canal Bank of Cleveland, Savings Bank of Cincinnati, City Bank of Columbus, and all other Ohio stock banks, will be received for taxes, and all other public dues, at this office, as heretofore. These notes are abundantly secured by the pledge of Ohio and United States stock in the office of the auditor and treasurer of State, which stocks are still commanding a premium in New York. No bill-holder need necessarily lose anything by Ohio stock paper.

Very respectfully, yours, &c.,
J. G. BRESLIN,
Treasnrer of State.

TREASURY OFFICE, OHIO,
Columbus, Nov. 16, 1854.

H. P. BOWMAN, Esq., *Treasurer of Hamilton County, Cincinnati, Ohio:*

DEAR SIR:—We inclose herewith our receipt for thirty-five thousand nine hundred eighty-six dollars and eighty-seven cents, deposited in this office to your credit.

[$35,986 87.]

Respectfully,
JOHN G. BRESLIN,
Treasurer of State.
By H. WILSON.

TREASURY OFFICE, OHIO,
Columbus, November 25, 1854.

To the Treasurer of Hamilton County:

DEAR SIR—On the second day of March, 1846, the Legislature passed an act entitled "An act relating to the duties of county treasurers," section 1, of which reads as follows:

Sec. 1. *Be it enacted by the General Assembly of the State of Ohio,* "That for the purpose of aiding in the payment of interest on the State debt, the several county treasurers in this State shall, on the twentieth day of December, annually, transmit, or pay over to the State treasurer, or deposit with such safe and convenient bank or banker as the treasurer of State shall desgnate, subject to his order, such moneys, not exceeding the amount assessed on the duplicate of such county, for State purposes, as he shall have collected previously to that day."

In pursuance of this section, I have respectfully to request that you forward to this office the sum of fifty thousand dollars. You will oblige me by making your remittance at a day not later than the 20th proximo. This will be in addition to the amount already paid.

J. G. BRESLIN,
Treasurer of State.

TESTIMONY OF R. C. HAZLEWOOD.

The testimony of R. C. Hazlewood, of Cincinnati, taken before the Committee of Finance of the Senate.

Question by Committee. State what sums of money belonging to the State have been deposited by the treasurer of Hamilton county with W. W. Cones & Co., bankers of Cincinnati, within your knowledge, and by whose directiou or orders were they made. State particularly the amounts, times, and all other facts in your knowledge touching the same.

The following is a statement of all payments to John G. Breslin, treasurer of state, by Henry P. Bowman, treasurer of Hamilton county :

November 15, 1854	$35,986 87
December 20, 1854	50,000 00
March 23, 1855	150,000 00
March 23, 1855	4,463 62
April 9, 1855	30,589 45
June 4, 1855	1,798 13
December 20, 1855	80,000 00

The first payment, $35,986 87, was the taxes of the O. L. & T. Co. The second payment, $50,000, being in addition to the first for the state treasurer's requition for interest funds. The third, on account of state funds, being in anticipation of the amount due State on final settlement, amounting to $150,000. Also $4,463 62, sections No. 16 and 29 funds. The next, $30,589 45, was the balance due State on final settlement. The next, $1,798 13, was sections Nos. 16 and 29 funds. The last was treasurer of state's requisition for interest funds, amounting to $80,000.

Quest. From your knowledge of the pecuniary responsibility of W. W. Cones & Co., at the time the moneys deposited with them by direction of the treasurer of state, would you have considered it safe to have made said deposits with them? Would you have deposited with them like sums on your own responsibility ?

Ans. From my knowledge of the firm composing W. W. Cones & Co., I would not have made such deposits with them. Not considering it safe to such an extent, therefore, I should not have deposited with that firm such amount of funds on my own responsibility, should the opportunily have occurred.

R. C. HAZLEWOOD.

The State of Ohio, Franklin County, ss :

R. C. Hazlewood, whose signature is appended to the foregoing deposition, was by me sworn to truly testify before the committee of the Senate of the State of Ohio, in respect to such matters as they should inquire of him.

Given under my hand this 20th day of March. A. D. 1856.

JNO. G. MILLER,

Justice Peace of Montgomery township, Franklin county.

Justice's fee, 25 cents.

QUESTIONS TO WASHINGTON W. CONES.

Question 1. Are you or have you been, a member of the firm of W. W. Cones & Co?

Ans. I was a member of the firm of W. W. Cones & Co.

Quest. 2. What was the business of that firm: and who were the partners? Please name them?

Ans. Dealing in exchange and money. Thomas Heaton and W. W. Cones composed the firm.

Quest. 3. What sums of money belonging to the State or under the control of the state treasurer, were deposited with you or to your firm?

State the dates and amounts of the several deposits or loans, and by whom made? and also by whose order or direction were they made?

Ans. About the first November, 1853, our firm got of Mr. Breslin $10,000, to be paid in New York, free of cost, January 1, 1854; the next transaction was an amoont of about $30,000, which had been deposited with our firm by the treasurer of Butler county, which we agreed to pay, and paid the first of July following, in New York, free of charge. Some time during the same year Mr. Breslin received of some party or parties, a certificate of deposit of ours for about $8,000, which was paid him during the fall of the same year, which closed our transactions to some time in December, 1854, at which time we were employed to buy an amount of exchange for Breslin; having a large amount of money on deposit from the counties of Butler and Hamilton, a portion of which certificates of deposit were transferred to Mr. Breslin, and one of them, the one for $10,000, made in Breslin's name. Of the whole, Breslin came into possession of between ninety-seven and ninety-eight thousand dollars; fifty thousand of which has been paid; the balance we still owe. In all these cases we were to furnish exchange free of cost, being all the consideration paid.

Quest. 4. What agreement or agreements were made, and what understanding existed between the treasurer of state and yourself or any other person on your behalf, or on behalf of W. W. Cones & Co.?

Ans. Included in the above.

Quest. 5. Was there any agreement or understanding between W. W. Cones & Co., or any person on their behalf; and the treasurer of state, as to the time such sums of money or any of them were to remain on deposit?

Ans. All payments were to be paid the first of January and July.

Quest. 6. Did the treasurer of state at any time instruct or authorize you or W. W. Cones & Co. to take the paper or notes of the Kanhawa Bank in payment of taxes or debts due the State? And did said firm, or did you take such paper or notes accordingly? and to what amount, and how was the same disposed of?

Ans. The treasurer never gave us any such authority.

Quest. 7. What interest had J. G. Breslin, Esq., late treasurer, in the Kanhawa Bank? State the character and amount of such interest, if any?

Ans. I decline answering.

Quest. 8. Did said J. G. Breslin, while treasurer of state, use the moneys, funds, or credits of the State, or direct or allow them to be used to sustain the credit of the circulating notes of the Kanhawa Bank? If so, in what manner, and to what extent?

Ans. Not to my knowledge.

Quest. 9. What is the amount or balance now due from the firm, or late firm of W. W. Cones & Co., or from you to the State, or to John G. Breslin, Esq., late treasurer of state? Is the payment of such amount or balance secured? If so, how? State particularly.

Ans. Answered in answer to question 3d, except the last clause; the money is not secured.

The within answers were given to me by W. W. Cones, as his answers to the annexed questions propounded by the committee of Finance.

ALFRED KELLEY, Chairman.

DEPOSITION OF WILLIAM W. CONES.

Given before the Joint Committee on Finance.

Question 1st. State the several transactions between John G. Breslin, Esq., treasurer of state, and the banking house of W. W. Cones & Co., respecting the public funds of the State; explain particularly each transaction; state also what account, if any, the house of W. W. Cones & Co. had with Mr. Breslin as treasurer.

Ans. As stated in my answer to the committee last winter, the first transaction of the house of W. W. Cones & Co., was about November 1st, 1853, when he gave us sight checks, on various points in Ohio, to the amount of $10,000, for which we gave him our draft, payable in New York, January 1st., 1854, for like amount, which was paid on presentation. The next transactions appear by our books to have been in January, 1854, when two amounts appear to Mr. Breslin's credit, one $800, being checked out in a few days, the other of $8,299 49, not being checked until September and October of that year, which having been checked out, we had no money of Mr. Breslin as treasurer, or in his individual capacity. The treasurer of Hamilton county having commenced an account with our house on his coming into office, had with us various amounts, from six hundred, to eighty odd thousand dollars. His balance, January 1st, 1855, was over eighty-one thousand dollars, and never was less than seventy-four thousand dollars, until March 19th, when Mr. Bowman gave his check on us for seventy thousand dollars, and received a certificate of deposit for the same in the name of Mr. Breslin. We also, in the winter of fifty three and four, had quite a large amount on deposit from the Butler county treasurer, and on his settlement with Mr. Breslin, we gave our draft, payable in New York, for some thirty thousand dollars, on July 1st, 1854, which was paid. During the winter of fifty-four and five, we also had money deposited by the Butler county treasurer, and in his settlement with Breslin, he gave him our certificates of deposit for amounts bringing the whole, including the $70,000 certificate above mentioned, to about ninety-seven or ninety-eight thousand dollars; all the certificates but the one large one, have been paid and destroyed, being included in the amount of fifty-thousand dollars which has been paid. All answers made by me to the finance committee, last March, are adopted as part of this deposition.

Ques. 2d. What probability is there, that the balance due from W. W. Cones & Co., referred to by you in your written statement made to the senate finance committee last March, will be eventually paid?

Ans. From thirty to fifty per cent. of the amount will be paid from the assets of W. W. Cones & Co., the balance will be paid by me, if ever able.

W. W. CONES.

I certify that William W. Cones, was by me first duly sworn to testify the truth, the whole truth, and nothing but the truth, in answer to the questions that should be put to him by the Joint Committee of the General Assembly of Ohio, on Finance, and thereupon the foregoing deposition was given and subscribed by him, this first day of October, 1856.

R. W. TAYLER,
Chairman of Joint Committee on Finance.

DEPOSITION OF CHARLES J. WOOD.

Question 1st. Were you a book-keeper in the Commercial Bank of Toledo, on the 11th day of December, 1850, and until the failure of the bank; and were you employed in that capacity, by the receiver of the bank, after the failure?

Answer. I was so employed in the bank during the last year of its existence, not as book-keeper, but as corresponding clerk. I was employed as book-keeper by the receiver, after the failure, until the next spring.

Question 2d. Have you examined the books of the bank to ascertain whether a draft drawn by Mr. Johnston, the cashier, in favor of E. N. Sill, Fd. Com. on the American Exchange Bank, New York, Dec. 11, 1850, for $101,500, payable the 2d of January following, or any account of that transaction was entered in the books; and if so was any such entry or account made?

Ans. I have examined so far as the account with the American Exchange Bank, is concerned. No entry was made in that account, of this transaction. After the failure of the bank, the account with the American Exchange Bank was found not to correspond with theirs; the checks drawn on the American Exchange Bank, were returned to the receiver, and among them the one referred to. I compared the accounts of the Commercial Bank, and the checks so returned, but found no entry of the one referred to. It had not been credited to the American Exchange Bank.

Ques. 3d. Was the copy of the check now shown you, made by you? Have you searched for the original, and if so, have you been able to find it?

Ans. This copy was made by me. I have searched for the original, but have not been able to find it.

Ques. 4th. Had you any knowledge of the transaction when the check was made?

Ans. Not any, and none until the check was returned from New York.

CHAS. J. WOOD.

I certify that Chas. J. Wood was first duly sworn to testify the truth, the whole truth, and nothing but the truth, in answer to such questions as should be put to him by the Joint Committee of the General Assembly of Ohio, on Finance, and thereupon he has given the foregoing deposition, this 28th day of Oct. 1856.

R. W. TAYLER,
Chairman of Joint Committee on Finance.

DEPOSITION OF MATTHEW JOHNSON.

Question 1st. Were you the cashier of the Commercial Bank of Toledo, on the 11th day of December, 1850, and if so, when were you appointed cashier, and how long did you hold the office?

Answer. I was cashier of the Commercial Bank of Toledo on the 11th day of December, 1850, and was appointed in October, 1845.

Ques. 2d Did you, on the 11th day of December, 1850, or about that time, as cashier of the Commercial Bank of Toledo, draw a draft on the American Exchange Bank, New York, in favor of E. N Sill, Esq., fund commissioner of the State of Ohio, for $101,500, payable on the 2d day of January following; and if yea, whether that draft was drawn to pay deposits in the Commercial Bank, for money paid to the bank, or for the proceeds of a loan made by the bank to Joseph S. Lake, or other person or persons?

Ans. On the 11th of December, 1850, I drew a draft on the American Exchange Bank in favor of E. N. Sill, fund commissioner, for $101,500, payable on the 2d day of January, 1851. I think this draft was drawn for J. S. Lake, in payment of a sum of money received by me from him.

Ques. 3d State how and when Mr. Lake becamc indebted to Mr. Sill, fund commissioner, and the amount of the liability. State, from the best of your knowl-

ledge, information and belief, and whether derived from Mr. Sill or Mr. Lake, or other circumstances. State particularly.

Ans. I am not able to state exactly how Mr. Lake became indebted to Mr. Sill, but I think, Mr. Sill loaned Mr. Lake, in the summer of 1850, at least $100,000, and it may have been that it was much more. I do not recollect of ever hearing from Mr. Sill, anything in regard to such loan.

M. JOHNSON.

Subscribed and sworn to before me, this 21st day of November, 1856.

HEZH. HOSMER,
Notary Public, Lucas County, Ohio.

DEPOSITION OF E. N. SILL.

Question by committee. State whether M. Johnson, cashier o f the Commercial Bank of Toledo, on or about the 11th day of December, 1850, drew a check in your favor, as commissioner of the canal fund, on the American Exchange Bank, New York, for $101,500, payable January 2d, 1851. If yea, state the consideration and origin of this transaction.

Answer. Having been shown a copy of such a draft, I believe it to be true that he did draw such a draft in my favor, but I have no recollection of the fact. I know, however, that the transaction was common in its character to a multitude of transactions with the banks of the State. That is, the money must have been deposited with Mr. Johnson's bank, to be applied in New York at the first subsequent payment of State interest, and for the benefit of the State. I presume the amount deposited was $100,000, and that $1,500 was received by the agent of the State for paying interest in New York on the 2d day of January following. I cannot state the date of the deposit with the Toledo Bank, but it must have been after July 1, 1850. I think it was deposited with the American Exchange Bank, for the credit of Mr. Johnson's bank.

Ques. State whether, at any time while you were acting commissioner of the canal fund, you loaned any of the public funds to Joseph S. Lake, or for his benefit. If yea, state the time and the amount of such loan, and how and when it was repaid.

Ans. I never made any such loan, or any deposit with or for the benefit of Mr. Lake.

Ques. State whether you have or had any of the funds of the State in your hands, as indemnity against personal liability, on account of having loaned to, or deposited with the Columbus Insurance Company, the $100,000 which that company has failed to pay?

Ans. I have not and never had.

What, if anything, had Mr. Lake to do with procuring of Mr. Johnson, for you, the draft mentioned in the first question?

Ans. Nothing, to my knowledge.

And further saith not.

E. N. SILL.

I certify that E. N. Sill was first duly sworn to testify the truth, the whole truth and nothing but the truth, in answer to such questions as should be put to him by the Committee of the General Assembly of Ohio, on Finance, and thereupon, he has given the foregoing deposition, this 25th day of November, 1856.

R. W. TAYLER,
Chairman of Joint Committee on Finance.

DEPOSITION OF H. W. DERBY.

Question by committee. What amount, in value, of books and apparatus was purchased of you by H. H. Barney, the superintendent of schools, for the use of the schools of the State? State the amount of the different purchas s.

Ans. The account now furnished you will show.

Ques. Were these purchases made of you, or through you as agent of the commissioner?

Ans. They were made of me, and through me,

Ques. How much was purchased directly of you?

Ans. The account furnished you will show this.

Ques. Had you any written contract with Mr. Barney for these books and apparatus?

Ans. We had no written contract, other than his written order for books, at specified prices, which we accepted, and might be called a contract.

Ques. Did you print, or get up the books to fill the orders, or had you the books on hand at the time?

Ans. We had to get them up, printing, paper and everything. They were printed from sterreotyped plates, which were under our control, or the control of our correspondents. We owned but one of the books contained in the first order—"Taylor's History of Ohio; Mrs. Tuthill, and Pioneer Settlers" The plates and books were owned by publishing houses in New York, Boston and Philadelphia, whom we represented in the West, by whom they were printed for us The largest amount by any one house was by Harper & Brothers. All of these publications, with possibly a few exceptions, were printed and folded by the houses referred to, and were stitched and bound by us, in Cincinnati.

Ques. By whom were the prices, agreed to be paid by Mr. Barney, fixed?

Ans. Mr. Barney gave us a list of the books wanted, and the number of each work, and we gave hm the prices at which we would furnish them, delivered in Cincinnati; and upon these prices his orders were based.

Ques. What means had Mr. Barney taken to ascertain the value of such publications?

Ans. I knew he had been East twice, and called upon our correspondents, as I learned from them. I suppose he had been in Boston, New York and Philadelphia

Ques. Did your correspondents advise you as to the prices at which they had proposed filling Mr. Barney's orders?

Ans. No sir. I knew what their customary rates were for purposes of this kind.

Ques. How much below the prices obtained of Mr. Barney. exclusive of the cost of freight, stitching and binding, did you purchase the books?

Ans. I could not answer without making a calculation.

Ques. Could these books and apparatus have been purchased from other parties at a less cost to the State?

Ans. No. sir, not as low, and had them delivered free of expense, freight, insurance and exchange.

Ques. Did Mr. Barney, or and person for him, directly or indirectly, receive or obtain any money or other pecuniary benefit from these contracts or orders for books, &c.

Ans. No, sir. I suppose Mr. Barney received from various publishers, two or three hundred volumes of books, that were sent to him for examination, and from which he made up his orders.

Ques. Were all the books and apparatus purchased of you, and paid for, delivered to Mr. Barney?

Ans. Yes, sir.

Ques. State what you know about a draft drawn on you by George H. Bronson, some time in 1855, in favor of William Trevitt, then secretary of State, for $1,488. State fully the origin thereof, and all things connected therewith, and why the same has not been paid ?

Ans. At the session of the General Assembly in 1854, the secretary of state was authorized to purchase of me 5,000 copies of Swan's Statutes. Subsequently, during the same session, the secretary was directed to distribute copies of this work to certain officers throughout the State ; and to enable him to do so, the legislature authorized such further purchase of the Statutes as might be necessary. The first 5,000 copies having been delivered, Mr. Trevitt, the then secretary of state, ordered 2,500 copies more, which were printed and bound, pursuant to that order ; 1,000 copies having been delivered, Mr. Trevitt refused to receive the other 1,500 copies, as I understood from parties who called on me in relation to it. I expressed a willingness to pay to the secretary a sum which I owed Mr. Knapp, to be ascertained on settlement, if Mr. Knapp agreed that I should. My note was out in favor of Mr. Knapp, and in the hands of a third person, who held it as trustee, and was subject to certain deductions or credit, not then ascertained, and which, at the time the note was given, were uncertain, as was also the fact, whether any in the end would be made.

I had purchased an interest in the Ohio State Democrat, and, with the other owners, had formed the Franklin Printing Company ; this purchase, on my part, was merely a matter of business, and without reference to politics ; I am not a politician ; I had got a great deal of printing done in Columbus, and thought that, in a business view it would be better that I should have an interest in a printing establishment there. The company proved a losing one, and I purchased out the other owners at an agreed price, which was 60 per cent. of the cost of the establishment, for which I gave my notes to the parties, respectively, payable one year after date, with the agreement that these notes should be subject to deduction to the amount of the respective interests of these parties in any debts then outstanding against the Franklin Printing Company, and which I should be required to pay.

At the time the misunderstanding arose about the 1500 copies of the statutes, this matter had not been adjusted and settled ; when it was done, I was found indebted to Mr. Knapp, on the note, in a sum between $600 and $700, which I am and have at all times been ready to pay, when properly presented. The draft drawn by Mr. Bronson on me was drawn without authority and without any claim. I have never seen that draft.

The 1500 copies were delivered to the secretary, and paid by the auditor's warrant on the treasury.

Ques. Do you know anything about Mr. Knapp, or any other person or persons purchasing of Mr. Trevitt, while secretary of state, a quantity of the Ohio Reports? If so, state the same fully.

Ans. I do not.

H. W. DERBY.

I certify that H. W. Derby was first duly sworn to tesify the truth, the whole truth, and nothing but the truth, in answer to such questions as should be put to him by the Joint Committee of the General Assembly of Ohio, on Finance, and thereupon he has given the foregoing deposition, this 12th day of December, 1856.

R. W. TAYLER,
Chairman of Joint Committee on Finance.

DEPOSITION OF WILLIAM TREVITT.

Ques. by Committee. State the origin of a draft drawn by George H. Bronson, in favor of James H. Baker, on H. W. Derby, for $1,488; and also of an account in the secretary's office for the same amount, against Horace S. Knapp, for 192 reams of paper.

Ans. There was a quantity of paper on hand in the secretary's office; I think 192 reams, purchased for the publication of the Ohio Reports, but before the commencement of their publication, the General Assembly provided, by enactment, that the reporters should publish them. The reporters made an arrangement with Mr. Derby for their publication. The state now had no use for this paper. The "Franklin Printing Company," of which Derby, Knapp, and others, were members, executed the printing of the Ohio Reports, as I was advised. Mr. Derby, and perhaps others of the above company, called on me for this paper, and by arrangement I agreed that the State would furnish it at cost and charges. The paper had not been paid for at the time of the dissolution of the "Franklin Printing Company. Mr. Derby called at my office, and requested me to take an additional number of "Swan's Revised Statutes," for the use of the State. I informed him that I would do so, upon the condition that he would allow the paper account to offset, so far as it would go, the payment for the statutes; this he at first declined to do, but a day or two before the close of my official term, Mr. Bronson called upon me, as the agent of Mr. Derby, and said he was ready to accede to my former proposition; that he was authorized by Mr. Derby to do so. I stated to him that my term of office was so near to a close that I would not do so without a consultation with my successor, Mr. Baker, and if the arrangement should meet his approbation, I would still take the books upon the terms proposed. In the mean time I conferred with Mr. Baker, who assented to the arrangement, and on the succeeding Monday I received the statutes, but it being the day when the auditor's and treasurer's office changed hands, both were closed to business, and I received for the amount of the paper contract a draft, drawn, I believe, by Derby, per Bronson, which, when I left the office, was turned over to my successor.

I can not tell how the paper came to be charged to Mr. Knapp; the entry was probably made by some one of the young men in the office.

Ques. Did you, as secretary of State, sell to Mr. Knapp, or to Mr. Derby, or the Franklin Printing Company, a quantity of the Ohio Reports? If so, what number, and when?

Ans. I sold to Derby, at different times, Ohio Reports; I can not recollect how many, or when, without reference to memoranda, and I don't know whether I have got that or not, nor the time. I don't think there were any ever sold to Knapp, or to the Franklin Printing Company; those sold to Derby were paid for before that company was formed, and had nothing to do with that company.

Ques. Were you, with other parties, sureties for Mr. Knapp, for a part of his purchase of the Ohio State Democrat office; how were the notes paid, and had their payment any connection with Mr. Derby, or any other party, with the officers of State?

Ans. I, with some others, whose names I do not recollect, were, temporarily, sureties for Mr. Knapp, in one case to H. & J. Miller, for a house and lot. How the notes were paid I do not know. Mr. Knapp showed me that he had taken them up. Their payment had not, to my knowledge, the remotest connection with any contract made by any officer of State with Mr. Derby or other person.

WM. TREVITT.

I certify that Wm. Trevitt was first duly sworn, to testify the truth, the whole truth, and nothing but the truth, in answer to such questions as should be put to

him, by the Joint Committee of the General Assembly of Ohio, on Finance, and thereupon he has given the foregoing deposition, this 17th day of Dec., 1856.

R. W. TAYLER,
Chairman of Joint Committee on Finance.

DEPOSITION OF WM. H. GIBSON.

Question 1st. Has security been taken for the public money deposited elsewhere than in the treasury at Columbus, as required by the 12th section of the act, passed April 8th, 1856, entitled "an act prescribing the duties of the auditor and treasurer of state, relative to the receipt, safe keeping, and disbursement of public moneys, and accounting therefor;" from whom has such security been taken, and what is its character; and what propositions have been made to, or by you, for the designating of other depositaries?

Answer. Bonds have been taken from Dunlevy, Drake & Co., Cincinnati; Seneca County Bank, and also Tomb, Huss & Co, of Tiffin; Franklin Bank of Columbus; and Kimball & Co., Cleveveland, with personal security. I have a current account with the O. L. Ins. and Trust Co., of Cincinnati, which company has not yet delivered a bond in this office, although one has been delivered to them for execution. Public moneys have not been deposited elsewhere in this State, except for temporary purposes, to be converted into exchange, and remaining but for a few days. In New York City, no bank or banker has yet consented to execute a bond, as required by law, and several banks in this State, who have been tendered public moneys on deposit, have declined to give such bond. I will not state that any proposition was ever made to me in relation to the keeping of the public moneys, but think that every arrangement for that purpose has been made at my request. I have tendered these deposits to the parties named, on condition that they executed the bond as required by law. Every deposit has been made for convenience in collecting and disbursing the public moneys, or for the purchase of exchange, as well as for the sake of economy. I am charged nothing for collections made through these depositaries, and am thereby saved express charges, hazard and delays. The bonds exhibited to your committee will show the form and character of securities taken.

Question 2d. Are all the funds represented as being in the treasury, but deposited elsewhere, subject to be withdrawn from such depositaries on demand; and if not, when can they be withdrawn, and with whom are such deposits? Have any deposits of public funds existed, since you came into office, that were not to be withdrawn on demand; or not to be demanded, and if so, with whom were they?

Answer. There is not now, nor has there ever been, any deposits not "subject to be withdrawn from such depositaries upon demand," since I have had charge of this office; nor have I failed in realizing such deposits, when demanded. I have had no deposits, nor have I been requested to make any deposits, that were not to be withdrawn "*on demand.*"

I never have been asked to hold any certificate or check, nor have I ever had one protested; and I further add, that I have had no draft (unless it be some now held) for which provision for payment was not made by the drawer.

Question 3d. Who constitute the firm of Bartlitt & Smith; the firm of Tomb, Hess & Co.; the firm of Dunlevy, Drake & Co.; the firm of Kimball & Co? Do the persons named by you as constituting these firms include all persons who are, or have been, since the 14th day of January last, members of those firms respec-

tively, or interested as silent partners, or otherwise, in the business of the said firms?

Answer. I suppose the firm of Bartlitt & Smith consists of J. F. Bartlitt and B. E. Smith, but have no knowledge upon the subject. The firm of Tomb, Huss & Co., I think consists of B. Tomb, J. F. Huss, S. Arnold, John Arnold, and Peter Tomb. The firm of Kimball & Co., as I was informed by Mr. Kimball, consisted of F. D. Kimball and P. Chamberlain, Mr. Kimball being now deceased. The firm of Dunlevy, Drake & Co. consists, as I am advised, of E. Fassett, F. Dunlevy, and W. F. Drake. I have no knowledge or information, that any other persons than those named, have any interest, directly or indirectly, in the business of these firms, "as silent partners or otherwise."

Question 4th. State whether, when you took charge of the treasury, January 14th, 1856, the full amount that A. A. Bliss, former treasurer, owed to the treasury, had been paid into the treasury; whether paid in cash or otherwise; whether any part of the certificates, checks, drafts, or deposits, transferred to you by Mr. Breslin, as funds belonging to the treasury, were for the moneys due from Mr. Bliss, or originated in his liability to the treasury, and the amount thereof. If yea, who issued such certificates, checks, or drafts, or held such deposits, and have they been fully paid and satisfied? State from the best of your knowledge and information.

Answer. I do not know whether Mr. Bliss had paid the full amount, or any part of the amount, due from him to the State. The public accounts of this office show that payment had been made in full, but I have no knowledge of how, or in what it was paid. I have no knowledge as to how, or upon what account the certificates, checks, drafts, or deposit accounts, transferred to me by Mr. Breslin, were obtained by him. He never communicated to me anything upon that subject, nor did he ever request me, directly or indirectly, to hold, or give any particular direction to any such certificates, drafts, checks or accounts. They have all been fully satisfied and paid.

Question 5th. Have any of the circulating notes of the Canal Bank of Cleveland been paid out, or otherwise used, at the treasury, since January 14, 1856?

Answer. Such notes have *not* been paid out, or otherwise used, by the treasury, to my knowledge. It may have been paid out in packages of currency, but it is our practice to assort packages received, for the purpose of laying aside notes of the Canal Bank of Cleveland, and the Clinton Bank of Columbus, which my chief clerk has been directed not to pay out. In this way we obtained most of the Canal Bank notes that have been redeemed and destroyed, as but few packages are presented for redemption.

Question 6th. What amount of the circulating notes of the Valley Bank, Maryland, have been held in, or paid out at the treasury, during the last ten months, of whom, and on what account were they received? State as nearly as you can, from your knowledge, recollection, and belief.

Answer. I can neither state the amount received or paid out, of the bills of the Valley Bank of Maryland; they were received in the ordinary course of business, as other currency; a considerable amount, as I think, came from banks, in payment of auditor's drafts held against them for taxes.

Question 7th. Has any public officer, within the last two years, borrowed any money, for the purpose of meeting the public liabilities, and if yea, how much, and when, and where was the money borrowed, and of whom, and what were the securities given?

Answer. I must state that I am not in possession of any knowledge as to any public officer in Ohio, borrowing money of any one, or any amount, "within the last two years, for the purpose of meeting the public liabilities." Such may have

been the case in numerous instances, but no one has advised me of it, either before or after its being done.

W. H. GIBSON.

I certify that W. H. Gibson was first duly sworn to testify the truth, the whole truth, and nothing but the truth, in answer to such questions as should be put to him by the Joint Committee of the General Assembly of Ohio, on Finance, and thereupon he has given the foregoing deposition, this 17th day of December, 1856.

R. W. TAYLER,
Chairman Joint Committee on Finance.

STATE TREASURER'S OFFICE,
Columbus, March 29, 1856.

HON. A. KELLEY, *Chairman, &c:*

Dear Sir:—Below find statement of the gross and several sums of money paid me by Jno. G. Breslin, Esq., late Treasurer, on account of balances due from him:

January	14,	1856	$223,791	02	
do	15,	do	24,703	92	
do	16,	do	75,200	25	
do	18,	do	59,977	08	$383,672 27
February	6,	do	29,345	82	
do	9,	do (Depreciated)	1,520	00	
do	9,	do	50,737	62	
do	12,	do	2,616	45	
do	16,	do	6,278	46	90,498 35
do	16,	do	35,634	57	
March	3,	do	174,917	20	
do	5,	do	151,379	18	361,930 95
		Total amount			$836,101 57

This includes *all* that I have received from the late Treasurer up to this date.

There is yet outstanding $80,000 of his certificates, held by the Treasurer of Hamilton county. In the gross receipts, I have included the redemption fund of the Canal Bank of Cleveland.

I am, respectfully,

W. H. GIBSON,
Treasurer.

SCHEDULE BY MR. GIBSON, MARCH 14, 1856.

Springfield Bank,	certificate	$5,000 00	
Champaign Co. Bank	do	3,540 25	
W. C. Hedges & Co., Bankers,	do	3,000 0	
Marfield's Bank	do	4,100 00	
Dayton Bank	do	2,400 00	
Wick, Otis & Bunnell	do	30,000 00	
Tomb, Huss & Co., Bankers,	do	33,949 70	$81,989 95
Scioto Valley Bank, Draft on Atwood & Co., N. Y.,		5,000 00	
Seneca County Bank	certificates	38,857 81	
Union Bank	do	5,000 00	
Moss Brothers	do	10,000 00	
Ohio Life Ins. & T Co., Cin.	do	5,347 00	
Forest City Bank	do	5,000 00	69,20 451
Franklin Branch Bank	do	48,104 20	
Bartlitt & Smith	do	47,305 45	
Exchange Branch Bank	do	28,200 00	
Clinton Bank	do	113 638 00	
Individual checks on Columbus Banks		750,000 00	
Harper, Ayrs, Roberts & Co., Bankers, drafts on Atwood & Co., N. Y		5,000 00	
Franklin Branch Bank, certificate payable in exchange		4,191 05	$247,188 70
Canfield & Ladd, Bankers, drafts on Atwood & Co., New York		10,000 00	
Seneca County Bank, drafts on American Exchange Bank, N. Y		95,759 40	
Ohio Life Insurance & Trust Co., Cin. O., current account balance		40,675 61	
Messrs. Atwood & Co., N. Y., current account balance		9,237 03	
Salaries advanced public officers		1,575 00	
Advances to State House contractors and for materials		20,592 67	
Drafts of Canal Commissioners for Auditor's warrants		75,690 48	253,530 19
Coin in the vault of Treasury		15,110 60	
Foreign currency in the Treasury		27,354 00	
Ohio currency of specie paying Banks and good Ohio		225,591 00	
Counterfeit and depreciated bank bills		1,520 00	269,575 60
Funds of Canal Bank in Ohio currency and change			82,830 00
Aggregate of all funds in the Treasury			$1,004,225 22

RECEIPTS AND DISBURSEMENTS TO MARCH 14, 1856.

	Canal Fund.		General Revenue.		Sinking Fund.		School Fund.		Library Fund.	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Acc'ts Jan. 15, 1856, when I took charge of this office..	$47,857 09	[illegible]	.....	$ 82,510 50	[illegible]	$125,633 61	.....	$3,469 67	.....	$552 36
Transactions with 85 counties	.....	$16,687 42	400,074 43	122,286 [illegible]	763,291 89	1,082,816 01	985,714 67	.....	.....	65,697 89
Estimated [illegible]	.....	.....	107,500 00	.....	179,550 00	.....	[illegible]	.....	.....	14,200 00
Rec'ts & pay't, other sources.	21,999 59	6,666 95	82,635 51	1,124 94	133 51	26,690 90	.....	.....	52 447 73	.....
Total rec'ts & disbursements.	69,856 68	47,325 85	99,322 93	591,209 87	276,271 41	1,095,166 40	1,082,816 01	1,072,554 34	[illegible]	80,450 25
Total disbursements [illegible]	.....	[illegible]	.....	[illegible]	.....	276,271 41	.....	1,082,816 01	.....	52,447 73
Bal'ce of the General Fund [illegible]	.....	[illegible]	.....	491,886 94	.....	818,894 99	.....	10,261 67	.....	28,002 52

[illegible]

General Revenue unexpended	$491,886 94	
Sinking Fund unexpended	818,894 99	
Common School Fund unexpended	.....	
School Library Fund unexpended	28 002 52	
		$1,338,784 45
Canal Fund, overdraft	22,536 83	
Estimated receipts not in Treasury	384,600 00	
School Fund overdraft	10,261 67	417,392 50
Balance in Treasury subject to appropriations		921,391 95

NOTE.—It will be observed that in this estimate I charge "Sinking Fund" with the $[illegible] reported suspended by my predecessor. The Canal and School Funds are overdrawn, as shown.

SCHEDULE BY MR. GIBSON, MARCH 28, 1856.

	Names of Banks.	Date.	When Due.	Amount.
Crt'ate	Marfield's Bank	March 1, 1856	At sight	$4,100 00
--	Exchange Bank	Feb. 29, 1856	do	5,000 00
--	Bartlitt & Smith	Feb. 26, 1856	do	675 00
--	do do	Feb. 29, 1856	do	1,800 00
--	do do	Feb. 5, 1856	do	9,240 00
--	do do	Feb. 8, 1856	do	5,460 00
--	do do	Feb. 28, 1856	Collec'n	6,555 45
--	do do	Feb. 15, 1856	do	3,500 00
--	do do	Feb. 11, 1856	do	5,300 00
--	do do	Feb. 6, 1856	do	2,460 00
--	Franklin Branch	Feb. 19, 1856	At sight	8,598 74
--	do do	Feb. 20, 1856	do	6,380 40
--	do do for exchange	Feb. 2, 1856	do	4,191 05
--	Seneca County Bank	Feb. 8, 1856	do	5,000 00
--	do do do	Feb. 13, 1856	do	3,000 00
--	do do do	Feb. 4, 1856	do	5,347 00
--	do do do	Feb. 13, 1856	Collec'n	13,473 94
--	do do do	Jan. 18, 1856	do	2,500 00
--	do do do	Jan. 21, 1856	do	1,100 00
--	do do do	Jan. 21, 1856	At sight	1,280 00
--	do do do	Feb. 13, 1856	Collec'n	400 00
--	Tomb, Huss & Co.	Nov. 23, 1856	At sight	616 07
--	do do	Nov. 20, 1856	do	875 00
--	do do	Nov. 16, 1856	do	649 00
--	do do	Nov. 28, 1856	do	629 63
--	do do	Feb. 13, 1856	do	4,200 00
--	do do	Feb. 13, 1856	Collec'n	5,000 00
--	do do	M'ch 11, 1856	At sight	11,980 00
--	do do	Feb. 13, 1856	do	5,000 00
--	do do	Feb. 13, 1856	Collec'n	5,000 00
--	W. C. Hedges & Co.	M'ch 10, 1856	At sight	3,000 00
--	Springfield Bank	M'rch 6, 1856	do	5,000 00
Draft.	Scioto Valley B'k on Atwood & Co., New York	M'rch 4, 1856	60 days	5,000 00
--	Clinton Bank (acceptance waived) on Atwood & Co.	Feb. 4, 1856	May '56	60,000 00
--	Seneca County Bank, on American Exchange Bank, N. Y.	Feb. 4, 1856	At sight	4,925 19
--	do do do	Jan. 21, 1856	do	5,000 00
--	do do do	Jan. 31, 1856	do	5,000 00
--	do do do	Jan. 31, 1856	do	5,000 00
--	do do do	Feb. 12, 1856	do	11,052 46
--	do do do	Jan. 11, 1856	do	5,000 00
--	do do do	Jan. 11, 1856	do	5,000 00
--	do do do	Jan. 10, 1856	do	5,000 00
--	do do do	Jan. 10, 1856	do	5,000 00
--	do do do	Jan. 10, 1856	do	5,000 00
--	do do do	Jan. 31, 1856	do	5,000 00

SCHEDULE—Continued.

	Names of Banks.	Date.	When Due.	Amonnt.
Draft.	Seneca County Bank on American Exchange Bank, N. Y.	Feb. 4, 1856	At sight	$5,000 00
--	Do do do	Feb. 4, 1856	do	5,000 00
--	Harper, Ayrs, Roberts & Co., At wood & Co, N. Y.	Feb. 12, 1856	do	3,000 00
--	Canfield & Ladd	Feb. 14, 1856	do	10,000 00
--	Seneca County Bank on Moss Brothers	Feb. 13, 1856	do	5,000 00
--	Do. do. Union Bank	Feb. 13, 1856	do	5,000 00
				$296.291 26

CONDITION OF FUNDS IN THE TREASURY, NOV. 1, 1856.

Cash currency	$65,031
State House claims	5,222
Piqua Branch Bank, Piqua	34,173
Hedges & Co., Tiffin	5,000
Tomb, Huss & Co., Tiffin	17,500
Seneca County Bank, Tiffin	25,500
Kimball & Co., Cleveland	30,194
Franklin Bank, Columbus	17,230
Ohio Life Insurance & Trust Company, Cincinnati	11,104
Dunlevy, Drake & Co., do	34,219
Miscellaneous	7,940
Collections remitted	10,302
Bartlitt & Smith, Columbus	49,213
Adams, Carlin & Co., Findley	4,000
Commercial Bank, Cleveland	16,200
Barney, Hubbard & Durbin, Sandusky	13,000
R. H. Gilson, Defiance	9,000
Clark County Bank, Springfield	17,300
Counterfeit and depreciated notes, and Canal Bank account	1,895
Total	$374,023

Estimated amount in the Treasury, November 1	$320,000	
do Canal Bank Fund	56,000	
		$376,000 00

CONDITION OF THE FUNDS IN THE TREASURY, NOV. 15, 1856.

Estimated amount in Treasury, including Canal Bank Fund $391,582 38

Consisting of the following items:

Balance due from Mr. Breslin, late Treasurer	$6,048 60
State house claims	4,414 49
Due from Independent Banks for expenses	628 00
Depreciated and counterfeit notes	1,550 00
Bonds and suspended bills	1,107 95
Receipts and drafts	14,699 09
W. A. Hersheizer	1,000 00
Forer, Burt & Co., contractors on canal do do	9,500 00
Salaries of officers and clerks, advanced	3,985 00
Seneca County Bank account	19,642 98
Tomb, Huss & Co., account	11,980 00
W. C. Hedges & Co., certificates	5,000 00
Collections by mail remitted	7,821 55
Canal Bank account	354 62
Ohio Life & Trust Co., Cin. ac't $17,000, to be paid in exchange	36,579 04
Dunlevy, Drake & Co. account, $14,000, to be paid in exchange	34,258 67
Kimball & Co.	34,249 00
Piqua Branch Bank	32,924 14
Clark County Bank	21,300 00
Bartlitt & Smith	43,724 80
Canal Bank notes	135 00
Cash	100,679 45
Total	$391,582 38

The two statements above were furnished by the Treasurer, but are only an approximation to accuracy.

The following statement of the condition of the funds in the Treasury is made by the committee from personal examination, aided by the Treasurer and his clerks, December 15, 1856:

Balance due from late Treasurer		$6,399 92 3
Auditor's drafts on various parties suspended	$4,573 61	
Notes of broken banks and depreciated bank notes	308 00	
Counterfeit bank notes	582 00	
		$5,963 61
Nine National Road bonds, issued under act of March 2, 1846, delivered to the Treasurer in trust for the parties thereto, and charged to the Treasurer. Issued November, 1848, to the order of R. Hume, Jr. Amount		557 48
Express charges paid		3 05
Hersheizer		1,000 00
Advanced to officers of State and clerks in departments		4,231 00
do to Ohio Central Lunatic Asylum		1,000 00
do to Forer, Burt & Co., canal contractors, on current year		10,000 00
do to Samuel Medary, printing		366 52
do on State House claims in hands of Bartlitt & Smith three-fourths of the amount of the claims having been regularly paid by appropriations		4,414 39
Sundry checks on banks and bankers		1,421 75
Current bank notes		7,017 00
Canal bank notes		1,150 00
Coin		10 75
Auditor's drafts on W. P. & S. D. Day, convict labor		1,129 50
do on County Treasurers, Sec. 16		1,250 80

BANK ACCOUNTS.

Bartlitt & Smith, Columbus	34,650 46
Dunlevy, Drake & Co., Cincinnati	4,611 86
Ohio Life Insurance & Trust Company, Cincinnati	7,254 04
Kimball & Co., Cleveland	38,625 16
Bank of Commerce, do	2,834 36
Piqua Branch Bank, Piqua	2,433 15
Seneca County Bank, Tiffin	11,601 03
do do do	243 15
Independent Bank account	866 15
Tomb, Huss & Co., Tiffin	6,967 50

CERTIFICATES OF DEPOSIT.

6 certificates, Seneca County Bank, Tiffin	20,028 85
1 do Tombs, Huss & Co., do	10,000 00
3 do W. C. Hedges & Co., do	15,000 00
1 do Clark County Bank, Springfield	14,300 00
1 do Piqua Bank, Piqua	28,400 00
Bartlitt & Smith, Dec. 8, on John Thompson, payable Jan. 1, 1857	34,000 00

REMITTANCES—FUNDS IN TRANSITU.

To the Ohio Life Insurance & Trust Co., New York, Dec. 15....		12,925 00
Atwood & Co., Dec. 10, 11, 12, 13.....		96,505 38
Ohio Life Insurance & Trust Co., Cincinnati.....		2,573 26
Dunlevy, Drake & Co.....		6,010 00
		$396,245 12 3
Balance in Treasury Nov. 15, 1856.....	$322,413 15	
Redemption Fund, Canal Bank.....	55,921 47	
General do do	17,133 81	
Total.....	$395,468 43	

Which does not include the suspended claims, but only the amount for which the Treasurer admits himself liable to account.

In addition to the above amount, the Treasurer had, on the 16th of December, received of the Auditor of State, drafts on county treasurers for taxes collected in 1856, $669,000.

These drafts had been collected, or remitted for collection, as follows, viz:

Champaign, Cuyahoga and Columbiana counties, collected and remitted to the O. L. Ins. & T. Co., N. Y.				$47,661 69	
Premiums paid for exchange.....				338 31	
					$48,000 00
Seneca county to Tombs, Huss & Co.....					10,000 00
Miami, Darke and Shelby to Piqua Bank.....					22,000 00
Lake and Geauga, to Bank of Geauga.....					11,000 00
Hamilton county, to O. L. Ins. & Trust Co., Cincinnati,					90,000 00
Richland	do	to Farmers' Bank of Mansfield.....			10,000 00
Portage	do	to Robinson, King & Co., Ravena....			8,000 00
Clark	do	to Champaign county Bank.....			15,000 00
Sandusky	do	to Birchard, Miller & Co., Fremont..			3,000 00
Ross	do	to Chillicothe Branch Bank.....			16,000 00
Washington	do	to Marietta Branch Bank.....			6,000 00
Trumbull	do	to Western Reserve Bank.....			10,000 00
Brown	do	to Dunlevy, Drake & Co., Cincinnati,		$5,000	
Butler	do	do	do	20,000	
Clinton	do	do	do	10,000	
Clermont	do	do	do	10,000	
Highland	do	do	do	11,000	
Warren	do	do	do	16,000	
Fayette	do	do	do	8,000	
Preble	do	do	do	12,000	
Scioto	do	do	do	4,000	
					$96,000 00
Union	do	do		3,000	
Tuscarawas	do	do		4,000	
Morrow	do	do		4,000	
Coshocton	do	do		5,000	
Crawford	do	do		5,000	
Delaware	do	do		7,000	
Holmes	do	do		3,000	
Logan	do	do		7,000	
Hardin	do	do		2,000	

Medina county,	to	Bartlitt & Smith.	.....	5,000	
Carroll	do	do	.....	3,000	
Lucas	do	do	.....	5,000	
Licking	do	do	.....	14,000	
Harrison	do	do	.....	6,000	
Adams	do	do	.....	3,000	
Gurnsey	do	do	.....	2,000	
Franklin	do	do	.....	25,000	
					$103,000 00
Belmont	do	Belmont Branch Bank	.....		10,000 00
Summit	do	Bates & Co	.....		10,000 00
Erie	do	Barney, Hubbard & Durbin, Sandusky	..		10,000 00
Lorain	do	Lorain Branch Bank	.....		7,000 80
Mahoning	do	Mahoning county Bank	.....		7,000 00
Stark	do	Stark county Bank	.....		18,000 00
Huron	do	Norwalk Branch Bank	.....		10,000 00
Marion	do	Bank of Marion	.....		6,000 00
Jefferson	do	Jefferson Branch Bank	.....		7,000 00
Wyandott	do	Harper, Ayres & Co	.....		3,000 00
Ashtabula	do	Farmers' Bank, Ashtabula	.....		8,000 00
Wayne	do	Wayne county Branch Bank	.....		12,000 00
Knox	do	Knox county Branch Bank	.....		10,000 00
Pickaway	do	Scioto Valley Branch Bank	.....		14,000 00
Greene	do	Xenia Branch Bank	.....		12,000 00
Fairfield	do	Martin & Co	.....		16,000 00
Ashland	do	Luther, Crall & Co	.....		8,000 00
Mongomery	do	Harshman & Winters	.....		25,000 00
Muskingum	do	Muskingum Branch Bank	.....		20,000 00
Madison	do	In the Treasury	.....		8,000 00
Total	.....				$669,000 00

QUESTIONS BY COMMITTEE TO JOHN G. BRESLIN.

First. What was the amount of the deficit of A. A. Bliss, former treasurer of state, when you took charge of the treasury in 1852. How and when did he arrange, secure and pay the said deficit; state particularly if drafts, checks, or bills were given therefor, the amount of bills, and the amount of each bill, with the parties thereto, and the date thereof, when payable and how and when paid, and by whom. Was any interest, or other consideration paid for indulgence?

Second. State fully and explicitly the transactions between yourself, Messrs. Bliss, Bartlitt & Smith, and W. S. Sullivant, and others, by which Bartlitt & Smith paid $40,000 of the deficit of Mr. Bliss. Did you furnish any part of the means to make that payment, and have you had any interest in the subject matter since the payment was made?

Third. State why you, as treasurer, failed to provide the necessary funds for payment of the July interest on the public debt for the year 1854. If from the failure of parties to pay deposits of the public money, then state the names of the parties, and the amounts of the deposits by them respectively held; and also what occasioned their failures?

Fourth. State from what cause, solicitation or motive you were induced to receive and hold the certificate of W. W. Cones & Co for $70,000, mentioned in your last annual report.

Fifth. When did the City Bank of Cincinnati first fail to meet drafts drawn for deposits of the public money? What amount did the bank then hold of public moneys, and what payments were thereafter made? State specifically, giving the items of payment. When were the bills, drawn by the bank, that first matured without payment, dated, and what was the amount, and when did they fall due?

Sixth. Is the claim against the Commercial Bank of Toledo exclusively for canal tolls deposited by collectors in that bank? If not, then what amount was from other sources?

Seventh. What sum do you now owe the treasury?

Eighth. Were you, during the time you were treasurer of state, a stockholder or interested in any bank, banking association, or moneyed institution, or private banking house; and if so, state the name of such bank, banking association or moneyed institution, or private banking house, and each of them, together with the amount of your interest therein respectively.

Ninth. State whether, while treasurer of state, you or any person for you, obtained or received any interest or other compensation or remuneration for or by reason of any deposit or loan of the public moneys, and if so, what amount?

JOHN G. BRESLIN'S STATEMENT.

COLUMBUS, JANUARY 27, 1857.

DEAR SIR: I received your note, accompanied by several interrogatories, to which you desire an answer.

Various engagements, and an absence of several weeks, have prevented an earlier reply.

To your inquiries in reference to Mr. Bliss's settlement with me, I consider it proper only for me to say that his indebtedness was fully paid before I retired from the treasury department; and that in no transaction connected with his settlement, did I, directly or indirectly, receive the value of a farthing from Mr. Bliss, or any other party or parties; nor did I furnish any means to him or others, to make that settlement. I have had no interest in the the subject matter since payment was made.

For the payment of the July interest, 1855, I had, as part thereof, most confidently relied upon the payment of the $70,000 certificate received from Mr. Bowman, treasurer of Hamilton county, being money deposited by him with the house of W. W. Cones & Co., bankers of Cincinnati. My solicitude for the payment of this certificate induced me, on several occasions, to visit Cincinnati, to impress upon Cones & Co. the necessity of paying it July 1st, in exchange, as agreed; and to still further instance my anxiety in this behalf, I telegraphed Mr. Cones, about the 20th of June of that year, to come to Columbus. He did so. I again informed him that, under no circumstances should he fail to meet his certificate. He assured me most positively, as he had repeatedly done, that the funds would be ready for that purpose, and inquired "what day he should forward his drafts." I replied, "on next Wednesday," being the Wednesday preceding July 1st, (Sunday,) giving me time to remit to New York. On the evening of Wednesday designated, instead of his draft as promised, I received a letter from him, stating that his house could not meet its engagements with me. The short interval then to elapse before interest day in New York, induced me at once, that there might not, under any circumstances, be a disappointment in the payment of interest, to request the commissioners of the sinking fund, who were to repair to New York next morning, (Thursday,) upon matters connected with their own duties, to appropriate funds under their control, to the deficiency thus unexpectedly caused—which request was courteously complied with, and the advance, thus made by that board, was paid by me.

In receiving the certificate upon the house of W. W. Cones & Co., I had no "motive" whatever, except to realize that amount of exchange free of cost to the State. There was no consideration of private profit, of any kind, involved in the transaction. In similar, but more fortunate arrangements, during my terms of office, I purchased large amounts of exchange in this way.

I had no special "cause" to receive a certificate upon the house of W. W. Cones & Co., that would not have applied under similar circumstances, to any other banking firm then at Cincinnati.

It would be useless for me to enumerate the "solicitations." I had to do business, (which before receiving the $70,000 certificate from Mr. Bowman was quite unimportant,) with the firm of W. W. Cones & Co., as the very numerous and influential gentlemen who were so active in their "solicitations" in behalf of that firm, have, I learn, since its disaster, entirely forgotten the circumstances

Upon assuming the duties of treasurer, I was very urgently requested, by many citizens of Cincinnati, to change the place of business for the State, in that city, from the trust company, to some other moneyed institution. After one inquiry, and various favorable representations from citizens of influence and integrity,

together with the fact, warmly urged upon me, that the then county treasurer, Mr. Debolt, was depositing largely in the City Bank of Cincinnati, and the very general assurance that that institution would be safe and acceptable as a State depositary, I designated the City Bank of Cincinnati, as authorized by law, as the bank in which the collectors of that city and north to Dayton, should make their deposits. In addition, I soon ascertained that an active account at Cincinnati had always been kept, and seemed almost indispensable to the daily business and convenient disbursements of the treasury. I also found that exchange could be more readily procured at Cincinnati than at any other point, and hence I was induced to arrange for large amounts at that place. Influenced by these considerations, my account for tolls, exchanges and disbursements of the treasury in that quarter, became necessarily very large, and the indebtedness now due the State from the City Bank arises solely from these considerations.

I cannot at this moment state at what date that bank failed to pay its drafts, nor have I now any recollection of dates or amounts which would enable me more specifically to answer this interrogatory.

It is proper for me to say, that I never received from the City Bank of Cincinnati, any profit, by way of interest or otherwise, directly or indirectly, upon any transaction between that institution and myself.

My impression is that the balance due the State from the Commercial Bank of Toledo, is exclusively for tolls. For this deposit, or any other at bank, I never received any interest or profit in any manner.

I do not owe the treasury anything.

I have no interest in any bank, banking association; or private banking house.

In my answers to your questions relative to the City Bank of Cincinnati, W. W. Cones & Co., and the Commercial Bank of Toledo, I have stated explicitly that I never received any interest or compensation or profit, resulting from any transactions or deposits with those institutions. This denial equally applies to all other transactions between banks, bankers, or others and myself, as treasurer of state.

Allow me to add—whilst I express the deep regret I have ever felt for the unfortunate selections made of depositaries, in the instances which have occupied your attention—that in each case I acted from no other than the sincerest motives of public good,

Very respectfully.

J. G. BRESLIN.

Hon. R. W. Taylor, Chairman, &c.

ACCOUNTS

OF THE

NORTHERN LUNATIC ASYLUM.

In SENATE.
Ordered to be printed.

NORTHERN LUNATIC ASYLUM,
NEWBURGH, *January* 23, 1857.

To the President of the Senate:

DEAR SIR: In obedience to the command of the Trustees of this Asylum, I have the pleasure of transmitting the information called for by the joint resolution of the Legislature, passed Jan. 21st, 1857. Herewith you will find a transcript of the Steward's journal since the 22d day of April, 1856, the date at which the present board took the management of the asylum.

Very Respectfully,

R. C. HOPKINS,
Superintendent.

TREASURY REPORT.

REPORT OF THOMAS SPARROW, COMMISSIONER, AND FRANCIS M. WRIGHT, AUDITOR, ON THE CONDITION OF THE STATE TREASURY IN JUNE, 1857.

To His Excellency S. P. Chase, Governor of Ohio:

In pursuance of the act "prescribing the duties of the Auditor and Treasurer of State, relative to the receipt, safe keeping and disbursement of public moneys and accounting therefor," and the act supplementary thereto, passed March 30, 1857, the undersigned have made the examination required by said acts and herewith submit

A REPORT

Of the results of their examination, and of the actual condition of the treasury on the 15th day of June last.

The duties of the undersigned as set forth in the acts above mentioned are as follows:

1st. Carefully to count all moneys of every kind in the Treasury.

2d. Personally and carefully to examine the books, accounts, vouchers and official correspondence of the Treasurer, relating to the receipts, custody and disbursement of the moneys of the State, or any part thereof.

3d. To compare the same with the books, accounts and vouchers in the Auditor's office, or with proper abstracts thereof.

4th. To examine and take copies or full descriptions of all drafts, bills of exchange, certificates of deposit and other evidences of debt due to or belonging to the Treasury.

5th. To ascertain the sums or balances actually due the State on account of moneys deposited or kept elsewhere than in the Treasury office at Columbus; the responsibility of the depositaries thereof, and the terms and conditions on which such deposits shall have been made.

6th. In consequence of the recent disclosure of a heavy deficit in the funds of the Treasury, there is necessarily imposed the further and more arduous duty of ascertaining the extent and the author or authors of it.

There was no law in this State requiring thorough periodical examinations of

the Treasury, until the passage of the act of April 8th, 1856, which was improved and made more stringent by the supplementary act of March 30, 1857. Previous to the passage of these acts, examinations had been made at long and irregular intervals by committees of the Legislature, and by special commissions appointed by joint resolution of the General Assembly.

Since the passage of the acts above mentioned several examinations of the Treasury have been made. Cotemporaneous with the enactment of the law of 1856, the Senate appointed a committee, consisting of Messrs. Kelley, Marsh, Taylor and Buckland, and instructed them to inquire into the condition of the Treasury, its funds and accounts. They reported to the Senate on the 7th of April, and the act alluded to was passed on the day following. The legislative duties of the members of this committee did not permit them to make a critical and thorough examination of the Treasury. They relied upon the statements of the Treasurer as to the condition of the funds, and nothing was elicited showing that they were not under his control. On the 11th of April, 1856, an act was passed constituting one member of the Senate and two members of the House of Representatives, "a joint committee of the General Assembly on Finance," and requiring them during the recess of the Legislature, "to investigate all the transactions of the public agents who now have or heretofore have had the custody or disbursement of the public moneys, or any part thereof, and to report at the adjourned session, the results of their investigation and the true condition of the finances of the State." This committee was occupied during the whole summer in the discharge of its duties, and made an elaborate report to the Senate on the 30th of January last. This report gives a full statement of the condition of the funds of the State on the 15th of December preceding. There was, apparently, no deficiency in the funds of the State at that date.

The Auditor of State made an examination of the Treasury in December, 1856, as required by the act of April 8th, of that year. Having in the earlier part of his report, stated the cash balance in the Treasury on the 15th of November, to be $350,950 63; at the close of the same document he says: "The amount of the available balance in the Treasury on the 15th of November, 1856, has been stated on a preceding page. I deem it proper to say, that the accuracy of the amount reported was ascertained, not only by the books of this office and those of the Treasurer's department, but by personal examination and count of the funds in the Treasurer's vaults, as required by the provisions of the act of April 8th, 1856, prescribing the duties of the Auditor and Treasurer of State, relative to the receipts, sate keeping and disbursement of public moneys and accounting therefor," and in accordance with the special provisions of the 13th section of said act.

It is clear there has been no lack of vigilance in guarding the Treasury. The number of examinations during the year was unusual. The ability and experience devoted to them were much greater than this kind of service and the compensation for it generally command.

It is equally clear that each and all of these investigations failed to expose any serious official misconduct on the part of the Treasurer, or any deficit in the funds of the State. At the two last examinations, the sums reported were found to be on hand, or satisfactorily accounted for. Moneys, drafts and other evidences of debt were exhibited, corresponding in amount with the balance shown by the books of the Auditor and Treasurer. The joint committee and the Auditor each counted the money and certificates of deposit.

The manner in which these examinations were conducted, the time devoted to one of them, and the character and standing of the gentlemen engaged in all of them, were such as to inspire confidence and to preclude the suspicion of wrong.

No one, not a participant in the fraud, had a right to question the facts set forth in the reports of these several investigations.

We have no hesitation in saying that the examiners were deceived as to the true condition of the Treasury. The manner in which they were deceived, and the means by which the Treasurer was enabled successfully to impose this deception upon them, we will consider and explain hereafter.

The reports of the joint committee and of the Auditor of State were made after the passage of the act of 1856, which required but a single examination, between the 1st of September and the 1st of November, in each year. The supplemental act of March 30th, 1857, required quarterly examinations by the Auditor and some one appointed by the Governor.

The present report is made in pursuance of the last named act.

Condition of the Treasury, June 15, 1857.

The undersigned, together with William Dennison, Jr., Esq., were present at the opening of the vault of the Treasury, by A. P. Stone, the present Treasurer, on the 15th of June, and assisted in the counting of the funds, drafts and other evidences of debt due the State.

The following statement exhibits all the money and assets found in the Treasury at the above date, which passed into the hands of the present State Treasurer.

An inventory of the contents of safe in the office of the Treasurer of State, on the 15th day of June, 1857.

Currency	$151 00	
Gold and silver	19 34	170 34
Auditor's draft on E. Fowler, Treasurer of Dayton and Covington Turnpike, date June 11, 30 days for dividend		1,574 00
Auditor's draft on W. T. & S. D. Day & Co., for convict labor, due May 1st		283 20
Same as above, due June 1, 1857		198 60
W. A. Hershiser, chief clerk, receipt for salary on account, without date		128 00
Memorandum against W. A. Hershiser, chief clerk		4 25
Auditor's draft on Saving's Bank of Cincinnati, dated December, 23, 1856, (sight draft)		550 00
Auditor's draft on F. Koehler, Treasurer of Monroe county, for sale of section sixteen		26 10
Auditor's draft on Isaiah Kennison, Treasurer of Morgan county, for sale of section sixteen		16 50
Auditor's draft on Treasurer of Van Wert county, for sale of section sixteen, balance due		421 33
Acting commissioners certificate to Chamberlain, Paul & Co, Engineer's signature wanting		300 00
W. H. Gibson's draft on H. P. Espy, Cashier, Urbana, Ohio, No. 17, dated June 6th, 1857		770 00
C. Hazlett & Co., Findlay, Ohio, draft on the City Bank of Cleveland, Ohio, (payable to W. H. Gibson, individually, and not endorsed)		39 40
Wm. Trevitt, check on Franklin Bank of Columbus, dated March 24, 1857, payable on the 1st of May, 1857		300 00

H. R. Hulburd's check on Messrs. Bartlett & Smith, dated June 5th, 1857,		$5 00
Auditor's draft on Cooper, Doyle & Foster on lease of National Road, dated June 10th, 1857,		3,052 50
Certificate of deposit Seneca County Bank, dated June 4, 1857,		50 00
Memorandum against Jacob Loher (porter in Treasurer's office,)		3 00

COUNTERFEIT AND BROKEN BANK MONEY.

Ohio State Stocks,	90 00	
Clinton Bank of Columbus,	25 00	
Eastern Bank West Killingsley, Conn.,	195 00	
Bank of Massillon,	560 00	
State Bank of Indiana,	69 00	
Iron Bank of Ironton,	30 00	
Miscellaneous currency,	384 00	
do do	36 00	519 00
One dollar note State Bank of Ohio, Merchant's Branch at Cleveland, altered to a three,		3 00
Attorney General McCook receipt claim on Wm. Burdell,		139 20
C. P. Wolcott Attorney General's receipts on W. F. & S. D. Day & Co.,	1,306 30	
do do	560 10	
do do protest,	2 00	
Receipts on Cooper, Doyle & Co.,	6,105 00	
do on Treasurer of Allen Co. (auditor's draft,)	400 03	8,373 43
Auditor's draft on F. M. Jackson, cashier, dated May 13, 1856, for taxes as per report of May 1852,		929 60
Auditor's draft on Chas. B. Foote, cashier, dated May 13, taxes as per reports of 1854–1855,		3,093 49
Morgan, Auditor, favor of Breslin, Treasurer, on P. Rose for convict labor, dated September 14, 1854,		9 20
Amounts advanced to officers of legislature of 1857,		609 50
National Road Certificates of Stock,		60 37
Vouchers for Safe,	617 50	
Freight on Safe,	48 86	666 36
Voucher Inspector of Ohio Canal, (payment to Graham,)		50 00
J. D. Phillips' draft on D. W. Deshler, cashier, dated Jan. 28, 1857@3 ds. protested for non-payment, draft,	200 00	
Protest,	1 00	201 00
Acting commissioners' checks on Paul Chamberlain & Co., February 14, 1857,	2,083 33	
Same as above, March 17, 1857,	2,083 33	4,166 66
S. Medary, order on F. M. Wright, auditor, in favor of O. P. Hines on ac't State printing, dated March 3, 1856,		866 52
E. S. Hamlin, receipt for work on Canal at Dayton, dated April 9, 1857		1,000 00
Scioto Valley Bank, certificate of deposit No. 322, dated March 11, 1857, to be paid on return of certificate and on payment of State of Ohio taxes due the Bank of Circleville without interest,		10,000 00

Due bill to Gibson, treasurer, of A. C. Warner, Dec. 24, 1856, money loaned,		$270 00
Agreement dated March 13, 1856, of Dan'l. Beckel and John Mills, trustees, relating to moneys due the State by said Beckel, assigned by J. G. Breslin to Wm. H. Gibson, March 14, 1856, $10,000 endorsed and paid December 26, 1856,		40,000 00
Memorandum of advances or payments to Jas. Lenox, viz.:	1,482 85	
do do do do	1,000 00	
do do do Jas. A. Platt,	1,931 54	4,414 39

In hand writing of and signed by W. H. Gibson, in hands of Messrs. Bartlett & Smith for settlement.

Mutilated bank notes of the City Bank of Cincinnati,	2,123 00
Mutilated bank notes of the Canal Bank of Cleveland,	11,117 00

SALARY RECEIPTS OF OFFICERS, ETC.

H. S. Knapp on ac't March 19, 1856,	$215 00	
T. W. Bartley on ac't May 30, 1856,	100 00	315 00
T. W. Bartley on ac't July 9, 1856,	200 00	
J. H. Baker " June 5, "	300 00	
C. S. Mattoon " Nov. 27, "	850 00	
L. L. Rice " Dec. 24, "	25 00	
C. B. Thurston " Jan. 3, 1857,	75 00	
C. S. Mattoon " Feb. 3, "	136 00	
C. B. Thurston " Feb. 11, "	109 00	
do " March 11, 1857,	75 00	
J. H. Baker " March 24, "	170 00	
do " April 3, "	75 00	
C. B. Thurston " " 10, "	75 00	
H. A. Spayth " " 22, "	100 00	
H. R. Hulburd " " 24, "	20 00	
Geo. R. Morton " May 14, "	71 00	
J. Blickensderfer, jr., on ac't May 22, 1857,	60 00	
W. T. Coggeshall " " 28, "	25 00	
Wm. Lawrence " " " "	375 00	
W. T. Coggeshall " June 11, "	50 00	
H. Baldwin " May 30, "	75 00	
J. H. Baker " June 3, "	150 00	
R. J. Patterson, sup't " " 6, "	100 00	
do for Idiot Asylum, " 11, "	1,000 00	
do do " 11, "	200 00	
W. H. Gibson, salary, June 13, 1857,	125 00	4,441 00
Total		$102,129,94

DEPOSITARIES.

The following statement exhibits the condition of the accounts with the depositaries of the public funds:

SUNDRY DEPOSITARIES.

In account with William H. Gibson, Treasurer of State.

1857.	Name of Bank.	Dr.	Cr.
June 13,	O. L. I. & Trust Co., balance		$6,983 68
" 13,	Piqua Branch Bank		440 08
Feb'y 4,	Tomb, Huss & Co	$1,707 85	
June 13,	Seneca County Bank		1,017 17
		$1,707 85	$8,440 93

It will be observed that the late Treasurer had overdrawn his account with all his depositaries, except with Tomb, Huss & Co. The balance in the hands of this firm has been paid to the present Treasurer of State since the commencement of this investigation.

INDEPENDENT BANKS.

The following statement exhibits the amount of bonds, belonging to the Independent Banks, found in the vault of the Treasury on the 15th of June; and also the amount of the circulation of each Bank.

Franklin Bank, Zanesville.

Amount of bonds	$100,000 00
Circulation	83,997 00
Bonds over circulation	16,003 00

City Bank of Cleveland.

Amount of bonds	$119,700 00
Circulation	119,699 00
Bonds over circulation	1 00

Sandusky City Bank.

Amount of bonds	$50,000 00
Circulation	50,011 00
Circulation over bonds	11 00

City Bank of Cincinnati.

Amount of bonds	$50,000 00
Circulation	49,961 00
Bonds over circulation	39 00

Mahoning County Bank.

Amount of bonds	$97,500 00
Circulation	97,718 00
Circulation over bonds	218 00

Western Reserve Bank.

Amount of bonds	$180,848 84
Circulation	180,671 00
Bonds over circulation	177 84

Bank of Geauga.

Bonds deposited	$150,140 00
Circulation	150,144 00
Circulation over bonds	4 00

City Bank of Columbus.

Bonds deposited	$78,000 00
Circulation	78,000 00

Commercial Bank, Cincinnati.

Bonds deposited	$5,000 00
Circulation (supposed)	5,361 00
Circulation over bonds	361 00

Dayton Bank.

Bonds deposited	$44,080 00
Circulation	53,676 00
Circulation over bonds	9,596 00

Seneca County Bank.

Bonds on deposit	$ 77,520 00
Circulation	209,434 00
Circulation over bonds	131,914 00

The circulation of the Independent Banks, under the law of 1845, is entirely under the control of the State Treasurer. It is based upon certificates of the funded debt of this State and of the United States, which are required to be deposited with, and transferred to him. Upon the deposit of these stocks, he delivers notes for circulation to an amount equal to the value of such stocks. He procures the blank notes of the engraver, numbers and registers them, and issues them to the different banks as they are required for circulation.

These certificates or stocks are the securities of the bill holders. They are the basis on which the credit of the bank is founded. The bill holders look to these bonds, and to the plighted faith of a State which has never failed to fulfil her promises and meet her engagements, for the redemption of the paper of these banks. The failure of an Independent Bank does not affect the value of its notes. This neither rises nor falls with its corporate vicissitudes. It is founded on the faith of the State, and the State has made itself the custodian of this credit.

This department should, therefore, be conducted with the utmost strictness. Such checks should be established as would prevent the abstraction of the bonds and the application of them to private purposes. Every precaution should be used to prevent the issue of paper above the value of the stocks deposited. The accounts should be so kept, and every official act in relation to them so recorded and attested, as to exhibit a clear and full history of every transaction, detect any error and remove the shadow of suspicion or doubt.

Though there is no reason to think that this department of the Treasury has not been (except in the case of the bonds of the Seneca County Bank) fairly and honestly conducted, yet that strictness has not been observed which the law requires and the public interests demand. Blank notes have been destroyed without a record having been made of their denomination and amount; and the accounts with some of the banks kept in so loose a manner as to exhibit a very untrue statement of their condition.

The account with the City Bank of Columbus, on the books of the office, is as follows:

"Statement of the stocks and circulation of the City Bank of Columbus, as shown by the books of the Treasury office.

	Issued.	Burned.
Ones	$51,267	$52,625
Threes	51,267	53,715
Fives	156,490	145,390
Tens	243,320	248,725
Twentys	20,000	13,280
Fiftys	3,000	2,850
	525,344	516,585

Amount of outstanding circulation	$8,759
Amount of bonds deposited	$490,208 62
" " returned	365,708 62
Balance remaining in Treasury	124,500 00"

The true condition of the bank, however, is as follows:

Bonds in the Treasury	$78,000 00
Notes in circulation	78,000 00

In this connection justice requires us to say that these errors do not appear to have occurred during the administration of Mr. Gibson, but belong either to that of Mr. Bliss or Mr. Breslin.

In November, 1854, the Canal Bank of Cleveland failed to redeem its circulation, and, in pursuance of the provisions of the banking law under which it was incorporated, was placed in the hands of a Receiver. The stocks which were on deposit in the Treasury, for the security of its circulation, amounted to $106,168; which were sold by the Treasurer for the sum of $104,811 47.

The following abstract of the accounts with this bank, is another instance of the loose and careless manner in which the business of this department of the Treasury has been conducted.

"Statement of stocks and circulation of the Canal Bank of Cleveland, as shown by the books in the Treasury office:

Stocks deposited	$152,173
Stocks returned to bank	25,703
Balance	126,470
Circulation issued	$213,415
" burned	89,413
Balance	124,002"

This account shows an excess of $20,302 of stocks over the amount actually on deposit in the Treasury.

We have no reason to suppose that the circulation exceeded the securities for its redemption, but we have not the means of ascertaining the true state of this branch of the account.

The transactions of the Treasury with this bank, since the sale of its stocks in 1854 and '55, are fully exhibited in the following statement:

John G. Breslin, Treasurer of State, in account with Canal Bank, Cleveland.

Dr.				
To amount of bonds sold				$104,811 47
Cr.				
1854, Dec. 30,	By amount to "Seneca Advertiser," for advertising		$ 3 00	
" "	am't "O. S. Journal," advertising		11 00	
1855, Feb. 7,	" " "		10 50	
" " 13,	am't M. C. Lilley, for binding		2 50	
" " 20,	"Cleveland Herald," advert'g		12 00	
" " 21,	" "Leader," "		8 00	
" " 21,	" "Dealer," "		8 00	
" " 27,	"Ohio Statesman," "		26 37	
" Sept. 3,	"Cincinnati Enquirer," "		10 00	
" Dec. 15,	"Ohio Statesman," "		28 50	
" " 17,	"Westbote," Columbus, "		6 00	
1856, Jan. 11,	" " "		6 00	
" " 12,	S. Medary		6 25	
" " 12,	M. C. Lilley		2 00	
" " 12,	of notes redeemed and burned		9,885 00	
				10,025 12
Balance				$94,786 35

William H. Gibson, Treasurer of State, in account with Canal Bank, Cleveland.

Dr.			
To amount received from Breslin			$94,786 35
" deposited by Receiver to pay 20 per cent. dividend on liabilities of the bank			28,000 00
			122,786 35
Cr.			
By notes redeemed and burned		$36,188 00	
1856, by dividends paid		19,228 48	
" May 8, by amount to "O. S. Journal," for advertising		36 00	
" " 13, am't to H. A. Spayth, salary		33 33	
" Aug. 13, " " "		50 00	
" Nov. 13, am't "Cleveland Leader," adver'g		20 00	
" " 15, am't to H. A. Spayth, salary		50 00	
" Dec. 10, am't "Ohio Statesman," adver'g		20 00	
" " 1, am't "O S. Journal," "		4 50	
1857, Mar. 15, am't H. A. Spayth, salary		66 68	
" June 15, " " "		50 00	
1856, Jan. 14, am't "O. Statesman," advertising		41 55	
			55,788 54
Balance			$66,997 81

On the books of the office, Mr. Gibson has credited himself with the payment of $97 65 to the clerk of this department for salary, previous to Dec. 1855. There is, however, no voucher for the credit on file, nor any other evidence of his having paid it. We have, therefore, omitted it in our statement of the account.

SENECA COUNTY BANK BONDS.

The accounts of the office showed that there should have been stocks to the amount of $209,648 14, belonging to the Seneca County Bank, in the hands of the Treasurer. As may be seen from the foregoing statement, $132,128 14 were missing. On inquiry into the cause of their absence, we were informed, by a clerk in the office, that they had been sent to New York, at the request of the Bank, for the purpose of being converted into stocks of a different date.

Though there is nothing in the Banking law of 1845 authorizing any such transaction, yet we had no reason to doubt the fairness of it, until subsequent examination showed a very different state of facts.

One hundred thousand dollars of these bonds had been sent to New York, accompanied with a power of attorney from Mr. Gibson, authorizing their sale and transfer. They had been sold and passed into the hands of Messrs. Attwood & Co., and Mr. Gibson, as Treasurer of State, had drawn on them for $58,500 00 of the proceeds of the sale, to meet the liabilities of the State. This sum they (A. & Co.,) claimed as an offset (on demand being made for the stocks) but were willing to account for the balance. After suit had been commenced, restraining them from making any further use of the proceeds, upon advice of counsel, it was deemed best to adjust their claim, release the bonds, and place them to the credit of the Bank. This was done through the Ohio Life Insurance and Trust Company—they holding bonds sufficient to indemnify them for the amount advanced. At the same time, and forming part of the arrangement, Mr. Gibson

placed in the hands of E. Ludlow, Cashier, $64,000 of drafts, falling due in the city of New York, which were deemed sufficient to meet the amount paid to relieve the bonds.

Forty-two thousand dollars of the bonds have been returned to the Treasury, and the balance will be returned as fast as the securities mature and are paid.

Of the residue of the bonds, we can give no satisfactory account.

As soon as this arrangement was known to the Bank, $32,000 of its circulation was returned to the Treasury, thus reducing it to the amount of the securities held by the State for its redemption.

THE DEFALCATION AND ITS AMOUNT.

A comparison of the money and assets found in the Treasury, with the books of the office, showed a large deficit in the public funds. Having ascertained this fact, two questions naturally arise :

1st. What is the amount of the defalcation ?

2d. Who is the defaulter ?

To ascertain the amount of the defalcation, it will be necessary to state an account from the accession of Mr. Breslin on the 12th of January, 1852, to the resignation of Mr. Gibson on the 13th of June, 1857.

The following statement, which has been prepared with great care, is, we believe, an accurate and explicit abstract of all the accounts of the Treasury Department, between the dates above-named, and exhibits the true amount of the defalcation.

ABSTRACT of the Accounts of the Treasury from January 12th, 1852, to June 13, 1857, showing amount of the defalcation:

Amount received by Breslin from Bliss		$ 296,433 07
" " " in 1852		3,844,585 56
" " " in 1853		2,865,907 84
" " " in 1854		3,712,672 26
" " " in 1855		3,631,173 27
" " " to January, 1856		68,857 14
Total		$14,419,629 14
Amount disbursed by Breslin in 1852	$3,548,276 86	
" " " " in 1853	2,699,297 41	
" " " " in 1854	3,887,029 49	
" " " " in 1855	3,532,593 34	
" " " " to January, 1856	547,444 07	
		$14,214,641 17
Balance as per books		204,987 97
Amount received from County Treasurers not entered upon the books, but for which certificates of deposits were issued		$ 760,715 70
Balance of Canal Bank redemption Fund		94,786 35
Actual balance due from Breslin		1,060,490 02
Amount received by Gibson in 1856		2,669,134 62
" " " " in 1857		2,880,454 31
" due depositaries		8,440 93
Amount received on Auditor's drafts on T. M. Jackson & C. B. Foote, Cashiers		3,251 41

Amount received on Auditor's drafts on W. T. & S. D. Day & Co. for convict labor		$759 90
Amount deposited by the Receiver of the Canal Bank of Cleveland to pay 20 per cent. on liabilities of the Bank		28,000 00
Amount out-standing certificates issued by Gibson		775 00
Total		$6,651,306 19
Amount of disbursements by Gibson in 1856	$3,079,293 86	
" " " " in 1857	2,276,967 62	
Interest on Foreign Debt paid January, 1857, not credited	406,365 27	
Cash and assets in vault transferred to A. P. Stone	102,129 94	
Disbursements of Canal Bank Fund	55,788 54	
Due from depositaries	1,707 85	
Due from Independent Banks	306 00	
		$5,922,559 08
Amount of defalcation		$728,747,11

The object of the foregoing statement is simply to ascertain the deficit in the public funds on the 13th of June. No notice has, therefore, been taken of the fact that several of Mr. Breslin's depositaries failed, with money of the State in their hands, which has not since been paid or secured. The names of these depositaries and the amounts in their possession, are as follows:

Commercial Bank of Toledo	$26,271 23
City Bank of Cincinnati	79,811 95
W. W. Cones & Co	47,767 99
Daniel Beckel	785 48
	$154,636 65

Substracting this amount from $728,747 11, (the balance shown in the foregoing abstract,) we have the sum of $574,110 46, which is not accounted for, and which is, therefore, the real amount of the defalcation.

The balance of $40,000 due on the claim against Daniel Beckel, we consider secured; and have, therefore, included it among the cash assets in the Treasury, and turned it over to the present Treasurer of State as such. Since the commencement of this investigation, Mr. Beckel has paid on the claim the sum of $5,000. There is no doubt but that the whole of the balance will ultimately be paid. He still owes the State the sum of $785 48, which has not been secured, and which is included in the foregoing statement of the amount of "suspended debt" in the hands of depositaries.

The following is an abstract of the books of the Auditor of State for the period embraced in the preceding statement of the Treasurer's accounts:

A

STATEMENT of the Receipts and Disbursements of the State Treasury from November 15, 1851, to January 14, 1856, and the balance in the Treasury on the latter date, as shown by the books of the Auditor of State:

RECEIPTS.

For the fiscal year ending Nov. 15, 1852	$3,016,403 23	
" " " " 1853	2,865,907 61	
" " " " 1854	3,715,103 43	
" " " " 1855	3,631,173 28	
		$13,228,587 55
From Nov. 15, 1855, to January 14, 1856, on Canal Fund	$38,755 24	
From Nov. 15, 1855, to Jan. 14, '56, Sinking fund	12,369 85	
From Nov. 15, '55, to Jan. 14, '56, Gen'l Rev. Fund	17,620 05	
		$68,745 14
Total receipts from Nov. 15, 1851, to January 14, 1856		$13,297,332 69
Add amount in Treasury, Nov. 15, 1851		312,699 25
Total		$13,610,031 94

DISBURSEMENTS.

For fiscal year ending November 15, 1852	$2,736,060 71	
" " " " " 1853	2,696,118 83	
" " " " " 1854	3,893,253 00	
" " " " " 1855	3,512,484 20	
		$12,837,916 74
From Nov. 15, 1855, to Jan. 14, 1856, Canal Fund	47,857, 09	
" " " " " Gen'l Revenue Fund	90,188,27	
From Nov. 15, 1855, to Jan. 14, 1856, Sinking fund	406,555 27	
From Nov. 15, '55, to Jan 14, '56 Nat'l Road fund	92 82	
" " " " " Com. school fund	1,274 96	
" " " " " Dis. Library fund	155 10	
		$546,123 51
Total disbursements		$13,384,040 25
Cash balance in Treasury January 14, 1856		225,991 69

B.

STATEMENT of the Receipts and Disbursements of the State Treasury, from January 14, 1856, to November 15, 1856, and the cash balance in the Treasury on the latter date, as shown by the books of the Auditor of State.

RECEIPTS.

From January 14, 1856, to November 15, 1856, General Revenue Fund	$772,902 03	
From January 14, 1856, to November 15, 1856, Sinking Fund	1,056,144 80	

From January 14, 1856, to November 15, 1856, Canal Fund	357,918 42	
From January 14, 1856, to November 15, 1856, District Library Fund	83,257 20	
From January 14, 1856, to November 15, 1856, Common School Fund	1,249,122 94	
From January 14, 1856, to November 15, 1856, Three Per Cent. Fund	263 30	
		$3,519,608 69
Add amount in Treasury Jan. 14, 1856		225,991 69
Total		$3,745,600 38

DISBURSEMENTS.

From January 14, 1856, to November 15, 1856, General Revenue Fund	870,222 32	
From January 14, 1856, to November 15, 1856, Sinking Fund	557,709 38	
From January 14, 1856, to November 15, 1856, Common School Fund	1,230,942 01	
From January 14, 1856, to November 15, 1856, District Library Fund	82,751 47	
From January 14, 1856, to November 15, 1856, Canal Fund	421,848 61	
From January 14, 1856, to November 15, 1856, Three Per Cent. Fund	2,609 04	
		$3,166,082 83
Cash balance in Treasury Nov. 15, 1856		$579,517 55

C.

STATEMENT of the Receipts and Disbursements for the fiscal year ending November 15, 1856, as shown by the books of the Auditor of State.

Cash balance in Treasury November 15, 1855		$703,370 06
Receipts from November 15, 1855, to January 15, 1856, General Revenue Fund	17,620 05	
Receipts from January 14, 1856, to November 15, 1856, General Revenue Fund	772,902 03	790,522 08
Receipts from November 15, 1855, to January 14, 1856, Canal Fund	38,755 24	
Receipts from January 14, 1856, to November 15, 1856, Canal Fund	357,918 42	396,673 66
Receipts from November 15, 1855, to January 14, 1856, Sinking Fund	12,369 85	
Receipts from January 14, 1856, to November 15, 1856, Sinking Fund	1,056,144 80	1,068,514 65
Receipts from January 14, 1856, to November 15, 1856, Common School Fund	1,249,122 94	1,249,122 94

Receipts from January 14, 1856, to November 15, 1856, District Library Fund	$83,257 20	83,257 20
Receipts from January 14, 1856, to November 15, 1856, Three Per Cent. Fund	263 30	263 30
Total receipts		$4,291,723 89

DISBURSEMENTS.

From November 15, 1855, to January 14, 1856, General Revenue Fund	$90,188 27	
From January 14, 1856, to November 15, 1856, General Revenue Fund	870,222 32	960,410 59
From November 15, 1855, to January 14, 1856, Canal Fund	47,857 09	
From January 14, 1856, to November 15, 1856, Canal Fund	421,848 61	469,705 70
From November 15, 1855, to January 14, 1856, Sinking Fund	406,555 27	
From January 14, 1856, to November 15, 1856, Sinking Fund	557,709 38	964,264 65
From November 15, 1855, to January 14, 1856, Common School Fund	1,274 96	
From January 14, 1856, to November 15, 1856, Common School Fund	1,230,942 01	1,232,216 97
From November 15, 1855, to January 14, 1856, District Library Fund	155 10	
From January 14, 1856, to November 15, 1856, District Library Fund	82,751 47	82,906 57
From January 14, 1856, to November 15, 1856, Three Per Cent. Fund		2,609 04
From Nov. 15, 1855, to Jan. 14, 1856, National Road Fund		92 82
Total disbursements		$3,712,206 34
Cash balance in Treasury Nov. 15, 1856		$579,517 55

D.

STATEMENT of the Receipts and Disbursements of Public Money from November 15, 1856, to June 13, 1857, and the balance in the Treasury on the latter day, as shown by the books of the Auditor of State.

RECEIPTS.

From November 15, 1856, to June 13, 1857, General Revenue Fund	$871,808 66
From November 15, 1856, to June 13, 1857, Canal Fund	116,732 03
From November 15, 1856, to June 13, 1857, Sinking Fund	685,814 16

From November 15, 1856, to June 13, 1857, Common School Fund	1,201,251 74	
From November 15, 1856, to June 13, 1857, District Library Fund	1,795 22	
From November 15, 1856, to June 13, 1857, National Road Fund	3,052 50	
		2,880,454 31
Add balance in Treasury Nov. 15, 1856		579,517 55
Total		$3,459,971 86

DISBURSEMENTS.

From November 15, 1856, to June 13, 1857, General Revenue Fund	$454,751 63	
From November 15, 1856, to June 13, 1857, Canal Fund	209,598 91	
From November 15, 1856, to June 13, 1857, Sinking Fund	818,701 11	
From November 15, 1856, to June 13, 1857, Common School Fund	1,197,530 16	
From November 15, 1856, to June 13, 1857, District Library Fund	2,752 46	
From November 15, 1856, to June 13, 1857, National Road Fund	497 11	
		$2,683,831 38
Cash balance in Treasury June 13, 1857, per Auditor's books		$776,140 48

In order to ascertain from the above statement the true amount of the defalcation, and reconcile the discrepancies between the accounts of the Auditor and Treasurer, it is necessary to add to the foregoing balance, $13,227 24 due depositaries, bank tax and outstanding certificates, and $66,997 81, belonging to the Canal Bank of Cleveland. This would swell the balance to $856,365 53. From this should be deducted $104,143 79, the amount of claims, deposits and assets in the Treasury on the 15th June, leaving a balance of $752,221 74, which is $23,474 63 greater than the balance shown by the books of the Treasurer. This discrepancy is accounted for by the fact that the Treasurer has credited himself with the payment of exchange, &c., to that amount, of which the Auditor has no account, and which cannot be allowed without legislative action.

How long has this deficit existed? To this question the books of the office furnish no answer. It is not to be expected that they would throw any light upon this subject. Offenders do not voluntarily furnish evidence of their guilt, or make a record of their crimes.

The facts and circumstances disclosed by the witnesses who have appeared before us, and whose testimony will be fully examined in another place, in the opinion of the undersigned, clearly show that the defalcation is not of recent date.

We have said, in a former page of this report, that there is no doubt that the balance called for by the books of the Auditor and Treasurer, was in the Treasury at two different times during the past year. We have just expressed the opinion that the deficit has existed for a long time prior to the examinations made

by the Joint Committee and by the Auditor of State. How, then, was the late Treasurer enabled to produce the money or its equivalent, to these different examiners? Where were the funds procured to supply the deficiency and conceal the defalcation? The explanation is furnished by Mr. Gibson's deposition.

The examinations by the Joint Committee and by the Auditor of State, were made early in December. Prior to this date, the Auditor had issued to the Treasurer of State drafts on the county treasurers, payable on the 20th of December, under the provisions of the act of 1856, for the purpose of meeting the January interest on the foreign debt. Of course, the Treasurer could not properly be charged with the amount of these drafts, until they were cashed by the drawees. Mr. Gibson, however, in some instances, sent notices of the fact that he held such drafts, to the county treasurers, who at once forwarded to him the whole or a portion of the sums drawn for, he still holding the drafts. When the Committee and the Auditor examined the Treasury, the Treasurer produced the funds which had been paid on the drafts, to make up the deficiency, and the drafts themselves, to show that they had not been paid.

In other instances, he sent the drafts to banks for collection, with the request that a certificate of deposit for the amount should be returned to him. These certificates were also produced to the examiners, with statements either express or implied, that the drafts on which they were predicated had not been paid. In this transaction, of course, there was nothing improper in the conduct of the banks or of their officers. The banks have, however, directly, though we presume innocently, furnished a portion of the means by which this deception was practiced upon the several examiners.

The profits of banking depend, in a great measure, upon the time which elapses between the issuing of notes and their presentation for payment. So long as they are kept in circulation, the bank is enabled to reverse the ordinary incidents of indebtedness—that is, she receives, instead of paying, interest upon her debts. It is, therefore, a matter of importance to every bank to put its notes into circulation at a distance from home, or in places where they are likely to be retained for business purposes, and not returned for redemption. To accomplish this object, and to postpone the presentation of their paper, the banks resort to many devices. The Treasury of our State has been made subsidiary to this purpose. The State has been subsidized by capital to assist in the accumulation of wealth and the increase of its profits. The banks have deposited their notes with the Treasurer of State, with the promise or understanding from him, that they should be paid out to the creditors of the State residing at points remote from their location; and the sum so deposited, refunded after it has been paid out. The testimony shows that large sums were thus deposited, and that frequently a long time elapsed before depositors called on the Treasurer for their money.

The Treasurer was thus furnished with the means of deceiving the most sagacious and astute examiners He had the money always on hand to exhibit, though not a cent of it belonged to the State or was properly in the Treasury. Indeed, the State seems to have been, in its pecuniary transactions, closely allied with these institutions. Nearly all of the taxes were paid into the Treasury through the banks. Banks were the depositaries of the State, and the creditors of the State were paid by checks on banks. There is little in the correspondence of the office, for several years past, to distinguish it from that of a bank, except that the writer subscribed himself "Treasurer" instead of "Cashier."

For the control which the banks have exercised over the public funds, the Treasurers are not wholly responsible. The legislation of the State has sanctioned and encouraged it. The act providing for the protection of the canals and the collection of tolls, requires the collectors to deposit all money received by them in some bank designated by the Treasurer of State.

The act making appropriations for the year 1837, authorized the County Treasurers to make their payments into the State Treasury, by depositing the sums due the State in some neighboring bank. The same provision was incorporated into the appropriation bills for 1841 and 1842. The law of 1846, that fruitful source of mischief in our financial administration, has authorized the continuance of the practice up to the present time. State Treasurers have collected the State taxes from the banks and not from the County Treasurers.

Mr. Gibson says that he resorted to borrowing, in order to meet the demands on the Treasury and conceal the deficit. If it is true that he received but $303,000 from Mr. Breslin, the books of the office corroborate his declaration. The balance in the Treasury on the 15th of November last, was $350,548 59. If Mr. Breslin owed at that time $550,000, Mr. Gibson must have borrowed nearly $200,000.

Notwithstanding the act of April 8th, 1856, forbids it, the practice of receiving deposits and issuing certificates still continued, and furnished a portion of the funds by which the Joint Committee and the Auditor were deceived in regard to the condition of the Treasury.

The holder of a draft on the Treasury, on presenting it for payment, instead of the money, received a certificate of deposit, signed by the Treasurer. The draft would pass into the Treasury and be credited on the books. The balance in the Treasury would be then apparently diminished, though it actually remained the same. Certificates issued under these circumstances, amounting to $775 00, are now outstanding.

With all these resources at his command, it is not at all surprising that the late Treasurer succeeded in concealing the defalcation.

There was no obstacle to the use of the money of the State by Mr. Breslin, nor was any effort on his part necessary to conceal a deficit. There was no thorough examination of the Treasury during his term of office, nor any inquiries into the condition of its funds. The surplus in his hands was seldom less than half a million. The average balance, on the 15th of November, of the four years of his administration, exceeded $622,000. The following table, exhibiting the balances in the Treasury at that date, for the last ten years, is not destitute of interest. It shows that a large surplus has been allowed to accumulate, which has afforded facilities for depredation and at the same time furnished the temptation.

Statement exhibiting the balances in the Treasury, as reported by the Treasurers, from Nov. 15, 1847, to Nov. 15, 1856.

Nov. 15, 1847,	A. A. Bliss	$494,261 70
" 1848,	"	426,451 88
" 1849,	"	555,435 40
" 1850,	"	130,412 13
" 1851,	"	312,699 26
" 1852,	John G. Breslin	463,741 76
" 1853,	"	759,352 20
" 1854,	"	584,994 97
" 1855,	"	683,574 90
" 1856,	William H. Gibson	350,548 59

The act of 1846 authorized the Treasurer of State to call upon the County Treasurers to deposit in advance of their February settlements. Mr. Breslin was not backward in availing himself of the powers conferred upon him by that law. The County Treasurers were liberal in their deposits. In 1855 he refunded to

them $61,827 49, which they had paid above the amount of taxes due from their counties to the State. At the annual settlement in 1856, Mr. Gibson refunded to them an excess of $44,183 82, which had been deposited with Mr. Breslin previous to his retiring from office.

Who is the Defaulter?

The evidence against Mr. Gibson consists of acknowledgements made by him to public officers and committees of the Legislature, in his official character and under the solemnity of his official oath. There is nothing in the testimony of the witnesses indicating that he had embezzled the public funds. Though we have made diligent inquiry, we have found no trace of any investments having been made by him, beyond what his private pecuniary resources would justify.

The books of the office do not show that any portion of the balance due to the State from Mr. Breslin, was ever paid to Mr. Gibson, or that any funds were ever placed in his hands to redeem outstanding certificates.

In his settlements with County Treasurers in 1856, Mr. Gibson received the certificates of deposit or receipts issued by Mr. Breslin, and charged himself with them as cash in his account with the several classes of revenue. The act of 1846, required the County Treasurers to make their deposits with the State Treasurer, and prescribed the time and manner of making them. They had been made in exact conformity with the provisions of the statute. It was not, therefore, competent for him to pronounce them illegal, or to refuse to credit them on the acccunt of the several parties to whom they had been issued.

In the "settlement book," the certificates redeemed by him are carefully marked with the initial letter or full name of Mr. Breslin.

Mr. Gibson has kept his accounts and made his reports in a manner which implied that Mr. Breslin had paid in full the balance due from him to the State. He has been silent about any defalcation on the part of his predecessor. His silence raises the presumption of payment. The legitimate inference, under ordinary circumstances, would be that the indebtedness had been fully discharged, but in the financial transactions of the Ohio State Treasury, this reasoning is altogether illogical.

Mr. Bliss transferred all the balances due from his predecessor to his books; yet it is well known that Mr. Whitehill, without authority of law, retained $6,000 of those balances. It is true, and but justice to Mr. Whitehill to say, that upon close scrutiny of his accounts, this sum has been found really due and has been allowed to him.

By the same process of book-keeping, Mr. Breslin concealed a deficit of $65,000 for his predecessor. He not only concealed it, but in response to a resolution of the Senate, averred that Mr. Bliss had paid over to him the balances which appeared on the books of the department.

It has been the uniform practice of successive Treasurers to carry forward the balances due from their predecessors, without regard to the fact of payment. The manner in which the books of the office have been kept does not therefore prove that Mr. Breslin furnished Mr. Gibson the means with which to redeem outstanding certificates, or paid him any portion of the public funds in his hands at the expiration of his official term.

The statements of Mr. Gibson, made on numerous occasions, in his official character and over his official signature, make a very strong case against him.

In a letter of March 14, 1856, addressed to Mr. Kelley, chairman of the Finance committee of the Senate, he says: "My predecessor has provided means, from time to time, to meet these certificates, and but $130,000 are now outstand-

ing. When he fails to place me in funds, I will refuse to receive these illegal certificates." The certificates issued by Mr. Breslin in 1855 amounted to $760,-715 70. The foregoing statement, therefore, is equivalent to an acknowledgement of the receipt of $630,715 70 at that date.

In an official statement of the condition of the Treasury, (which has not been published, but which is in our possession,) furnished by him to the same committee, he acknowledges that he had received from his predecessor up to the 16th of February, 1856, the sum of $509,805 19.

His letter of the 29th of March, 1856, is more explicit than either of the preceding statements. It is, perhaps, the strongest item of evidence against Mr. Gibson which has been submitted to our consideration. It is so specific, minute and circumstantial in its character, that we deem it proper to give it in full. It is as follows:

STATE TREASURER'S OFFICE,
Columbus, March 29, 1856.

HON. A. KELLEY, CHAIRMAN, &c.,

Dear Sir:—Below find statement of the gross and several sums of money paid me by John G. Breslin, Esq., late Treasurer, on account of balances due from him.

January 14, 1856,	$223,791 02		
" 15, 1856,	24,703 92		
" 16, 1856,	75,200 25		
" 18, 1856,	59,977 08	–$383,672 27	
February 6, 1856,	29,345 82		
" 9, 1856, (Depreciated)	1,520 00		
" 9, 1856,	50,737 62		
" 12, 1856,	2,616 45		
" 16, 1856,	6,278 46	–$90,498 35	
" 16, 1856,	35,634 57		
March 3, 1856,	174,917 20		
" 5, 1856,	151,379 18	–$361,930 95	
Total amount			$836,101 57

This includes *all* that I have received from the late Treasurer up to this date. There is yet outstanding $80,000 of his certificates, held by the Treasurer of Hamilton county. In the gross receipts, I have included the redemption fund of the Canal Bank of Cleveland.

I am, respectfully,

W. H. GIBSON,
Treasurer.

In a statement of the condition of the Treasury submitted by him to the Joint Committee on the 15th of December last, the balance due from Mr. Breslin, exclusive of the "suspended debt" of $204,636 65, is said to be $6,399 92, which, it was understood, Mr. Gibson was willing to assume, and for which he was liable to account.

The 5th section of the act "supplementary to the act prescribing the duties of the Auditor and Treasurer of State relative to the receipt, disbursement and safe-keeping of the public moneys and accounting for them," is as follows:

"The Treasurer shall, during the first ten days of each month, make out and publish in at least two daily and weekly newspapers of general circulation, printed

in the city of Columbus, an abstract exhibiting the true condition of the Treasury, as it shall have existed on the first day of the month; which abstract shall set forth the amount of money actually in the Treasury at Columbus, the amount of drafts, bills of exchange and other evidences of debt held by the Treasurer, specifying the amount of each, the date thereof, and when payable, with the name of the makers, indorsers, acceptors and drawers thereof; the amount of deposits in the several depositaries of money belonging to the Treasury; which abstract shall be attested by the oath of the Treasurer or his principal accounting clerk.

In obedience to the provisions of this section, on the 9th of April last, Mr. Gibson published in the Ohio Statesman and the Ohio State Journal, the following sworn statement of the condition of the Treasury:

OFFICE OF TREASURER OF STATE,
COLUMBUS, April 9, 1857.

"An abstract exhibiting" the condition of the Treasury on the 7th inst.; published as required by the act of March 30, 1857.

Balance General Revenue	$493,893 84
" Canal Fund	28,755 32
" Sinking Fund	28,090 69
" School Library Fund	493 46
" Canal Bank Fund	38,935 47
Cash of Hamilton county for interest	90,000 00
	$680,168 78
Overdraft on School Fund	2,127 74
Total balance	$678,041 04

DRAFTS, EVIDENCES OF DEBT, ETC.

Collections in Transitu	$43,087 63
Receipts of Public Officers and Clerks	11,004 74
Advances to officers of Penitentiary	958 19
Advances to Lunatic Asylum	1,000 00
Feb. 26, 1857, Auditor's draft on Treasurer of Van Wert county	421 33
April 4, Auditor's draft on W. L. & S. D. Day & Co	305 10
April 4, Auditor's draft on Ohio Tool Co	980 00
" " " A. T. Ayres & Co	580 80
" " " Hall, Ayres & Co	83 92
" " " A. W. Hall & Co	528 30
" " " John Ewing	20 00
" " " Hall, Brown & Co	956 20
Jan. 7, 1857 " " Hall, Brown & Co	982 80
" " " " Ohio Tool Co	1,016 80
Sept. 4, '54, " " P. Rose	9 50
Dec. 23, 1856, Auditor's draft on Savings Bank for taxes	550 00
May 13, 1856, Auditor's draft on T. M. Jackson, cash for taxes	929 60
" " " " C. B. Foote, cash for taxes	3,093 49
April 7, 1857, Certificate of Franklin Branch Bank	2,000 00
April 1, 1857, Check of H. B. Hulbert on Bartlitt & Smith	62 50
Nov. 27, 1856, Certificate of Delaware Co. Bank, endorsed by J. M. Russell, Treasurer	14 00
Mar. 11, 1857, Certificate of Scioto Valley Bank	10,000 00

March 23, Certificate of Norwalk Branch Bank.....	$117 00
March 21, Certificate of Findlay Bank.....	43 33
" 19, " Bartlitt & Smith	594 00
" 23, " Adams, Carlin & Co., endorsed by J. H. Barr and J. Shaw.....	110 00
April 1, 1857, Draft of Marietta Bank on S. P. Bishop, Cashier....	210 00
April 3, 1857, Draft of J. H. Mayo & Co., on Hatch & Langdon, endorsed by J. Mills	1,000 00

DEPOSIT ACCOUNTS.

April 7, 1857, Piqua Branch Bank.....	686 39
" Tomb, Huss & Co.....	707 40
" Seneca Co. Bank.....	2,700 65
" Bank of Commerce.....	789 61
" Dunlevy, Drake & Co.....	66 65
" Clinton Bank.....	13,000 00
" Ohio Life Insurance and Trust Co., New York, as claimed.....	47,540 09

The foregoing is correct to the best of my knowledge.

W. H. GIBSON,
Treasurer of State.

Sworn to before me this 9th day of April, 1857.

R. HUME, Notary Public.

N. B.—The foregoing is of the 7th instead of the 1st, as the act was not published until the 3d of April, and in my absence.

W. H. G.

There is no doubt but that the above statement, with one exception, is a tolerably accurate exhibit of the condition of the Treasury at the time it was published. The last item should have been $7,450 09.

It will be observed that the last column of figures is not added. It amounts to $146,150 02. Tnis sum subtracted from $678,041 04, the amount of his debits, leaves $531,891 02, which is a close approximation to the real amount of the defalcation.

The statement is carefully and skilfully drawn. It is so constructed as to enable him to swear to it without subjecting himself to a criminal charge, and yet leaves a false impression.

The law required him to "set forth the amount of money actually in the Treasury at Columbus," as well as "the amount of the drafts, bills of exchange and other evidences of debt." Yet, as before stated, he has not added the column containing the amounts of the "drafts, evidences of debt," &c.; nor is such an item as "money in the Treasury" to be found in the statement. These omissions were, doubtless, intentional. The natural inference of an honest man, trusting in the official integrity of the Treasurer, would be that the credit column balanced the debit; or, if he took the trouble to add it, that the difference between them was "money," and that "money" safely lodged in the vault of the Treasury.

Mr. Gibson published no statements of the condition of the Treasury for the months of May and June.

Mr. Gibson has appeared before us, and submitted to an examination. In his deposition, which is hereto appended, he declares that all his official communications relative to the payments made by Mr. Breslin to him, were false, and that he received but $303,365 84 from him.

It is not unjust to say that his present declarations, however solemnly made, so far as they tend to exonerate him, are not entitled to any credit, unless sustained and corroborated by the records of the office, the testimony of others, or the declarations and conduct of Mr. Breslin.

His motives in making the statements above referred to, he says, were two-fold:

1st. He was one of the sureties on Breslin's official bond, and the exposure of the defalcation would involve the pecuniary ruin of himself and co-sureties, who were his friends and neighbors.

2d. He thought that, by concealing the defalcation, he could secure the amount due the State.

Whether his motives constitute a justification for a breach of sworn official duty, we leave to another tribunal to decide.

In considering the evidence against Mr. Breslin, in order to illustrate the mode in which business has been transacted between successive Treasurers, it seems proper to go back to the time he assumed the duties of that office.

Mr. Breslin, in taking charge of the Treasury, in January, 1852, opened a new set of books; transferring to them the various balances which appeared to be due from his predecessor, Mr. Bliss, and subsequently executed to him a receipt therefor; of which the following is a copy:

"Treasury Office, Ohio,
Columbus, Oct. 20, 1852.

"Received of Albert A. Bliss, Esq., late Treasurer of State, payment in full of all balances charged against him as said Treasurer on the books of this office, January 12, 1852, and all indebtedness which has appeared against him up to this date.

J. G. BRESLIN,
Treasurer of State."

Any one, on reading this receipt, would have supposed that Mr. Bliss had paid over all the money due the State. Such was not the fact. The receipt was false. There was a balance of $65,000 due from Mr. Bliss, which was not paid until more than three years after its date.

In response to a resolution of the Senate of December, 1852, Mr. Breslin addressed an official communication to that body, which is equivalent to a positive assertion that Mr. Bliss had paid over to him all the public funds belonging to the Treasury.

The motives which induced Mr. Breslin to execute this receipt and make this official statament, the undersigned will not attempt to divine. His acts were clearly calculated, and, it is fair to presume, intended to mislead and deceive. It was an unfortunate commencement of an official career. Truth is a quality which the people have a right to expect in official statements of their sworn public servants.

The report of Mr. Breslin for the fiscal year ending November 15, 1855, shows a balance of $683,574 90, at that date in the Treasury. In the same report he states that the Commercial Bank of Toledo, the City Bank of Cincinnati, and W. W. Cones & Co. had failed, with an aggregate of $153,851 18 of the public moneys in their hands. The subtraction of this sum from the amount in the Treasury leaves a clear balance of $559,723 72. Upon this balance there was no extraordinary demand, except for the payment of interest on the foreign debt, due January 1, 1856, which amounted, with the expenses as charged by him, to $421,320 75. Deducting this from the clear balance in the Treasury, as shown by his report, there is still a balance of $138,402 97; a sum sufficient, with the regular daily income of the State, to meet all its liabilities, until the settlement with the County Treasurers in the February following. Besides the last mentioned amount, Mr. Breslin had in his hands $94,786 35 of the funds of the Canal Bank of Cleveland, which he does not notice in his report.

With funds in his possession, amply adequate to meet all the demands which could be made upon the Treasury, he issued a circular to the County Treasurers, referring them to the act of 1846, and calling upon them to make the advances required by that law, to enable him to pay the January interest. In compliance with the demand, the County Treasurers paid into the State Treasury $760,715 70, between the 6th November and the time at which he was succeeded by Mr. Gibson.

It is true that, in making this demand upon the County Treasurers, he acted in conformity with the provisions of law and the long-established practice of the Department. Yet, it could not have been intended that the law or the practice should continue after the reason of them had ceased. It has been shown that he had sufficient means to pay all claims against the Treasury without making this demand. Why, then, did he make it?

The testimony of Mr. Hines, late Treasurer of Franklin county, discloses that there was an extraordinary anxiety on the part of Mr. Breslin to receive the $20,000 due from that county. He called twice at the office of the county Treasurer, before that officer, for reasons assigned in his deposition, very reluctantly paid it. If there was, as the books showed there should have been, more than half a million in the treasury, there was no valid reason for the anxiety which he exhibited in that instance.

The facts disclosed in the deposition of Mr. W. G. Deshler furnish unequivocal evidence of an empty treasury towards the close of Mr. Breslin's administration. The books of the office, as before stated, showed more than half a million in his hands. yet he not only requested the holder to postpone the presentation of a draft of $50,000, but when it was ultimately presented, paid only a portion of the amount. Though frequently importuned for the balance, it was not paid for more than two weeks after its first presentation. It was finally redeemed in funds, which clearly indicated that the treasury was dependent upon its daily receipts to meet the current liabilities of the State.

The conduct of a party is always of great importance in determining his guilt or innocence. The flight of one accused of crime, is a circumstance indicatory of guilt. An innocent man does not resort to it. Instead of avoiding, he courts inquiry into his conduct.

Mr. Breslin was requested by letter, (a copy of which is hereto attached,) to furnish us with the receipts executed by Mr. Gibson to him, and to be present at the examination of the witnesses. He has neither complied with our request, nor replied to our letter. He has fled to a foreign jurisdiction. His flight was accompanied with declarations clearly proving that he resorted to it in order to avoid inquiry. He said to one of the witnesses that he would not be taken—"his person they should never have under any circumstances."

If Mr. Breslin has paid to his successor all the public moneys which were in his hands, he must have evidence of the fact. To the request made of him to produce the receipts executed by Mr. Gibson, he has not thought proper to reply.

Not being able to obtain the best evidence of the amount which he paid to his successor, a familiar legal principle authorized us to resort to that of an inferior quality. On application to Mr. Gibson, we were furnished with copies of the receipts. They confirm his statements of the amounts which were received by him. They are herewith submitted.

It appears that Mr. Breslin had some interest in the Greensboro' Bank of Maryland; and it is in evidence that he spent $10,000 in contesting and resisting the repeal of its charter before the legislature of that State. It is clear that within the last year he was the holder of $16,000 of the stock of the Cumberland Savings Institution, of the same State.

He loaned $20,000 to the Sandusky, Mansfield and Newark Railroad Company, on which he received but $3,000; and compromised the balance by taking the bonds of the company for $8,500, payable in 1858, '59, '60 and 61.

He also loaned to the Cleveland, Zanesville and Cincinnati Railroad Company a large sum, the original amount of which we have not been able to learn. In December last, there was due upon it the sum of $28,549 88, which was paid in the bonds of the company, payable in November 1859, with 7 per cent. interest.

Mr. Breslin sought interviews with two of the witnesses whom we have examed, and in conversations with them made acknowledgements which demonstrate that the defalcation occurred during his administration of the treasury.

In conversation with Col. Schouler, when urged to make a public exposition of the matter, he replied that "it would do no good," "that he could not make the disclosure without involving the character of others and the happiness of their families, and *that* he would not do." He pronounced the attacks of the press upon Mr. Gibson unjust, and said that his (Mr. G's) "statements in regard to the defalcation were true"—that "if Gibson was to blame one part in a hundred in regard to this matter, I am to blame ninety-nine parts in a hundred."

His conversation with Mr. Follett, though evidently more guarded, was of similar import. The material part of it is so well narrated that we shall not attempt an abstract of it, but give it in full. Mr. Follett says:

"Mr. B. affected to attach importance to my opinions, and I proceeded to test the sincerity of this profession by recommending that there should be no loss of time on the part of Mr. Gibson and himself in meeting and uniting in a statement of facts disclosing the whole process of appropriation, let the blow fall where it might, regardless of party or persons. I enforced this recommendation by such arguments and appeals as the subject naturally suggested, alluding to his family relations, his obligations to the State, &c. I drew his attention to the fact, that he could not hide from the world the full amount of his official delinquency, and it depended on himself how low his offence should sink him morally. To an extended appeal in this direction he replied by stating a case: "Suppose (said Mr. B.) suppose—(mind, I do not say it is so,) but suppose that individuals may have been concerned with me in the use of this money, whose position in society, or whose business might be injured or destroyed by the revelations you advise me to make—what then should I do?" My reply in substance was, that he should place his duty to his wife, his daughter, his family friends, his obligations to the State, his official oath, in one side of the scale—and in the other, his obligations to these men; and if the latter outweighed the former, his course was a plain one. To all this his answer was, "I will think of it." After a few general remarks, our interview ended, and I have not seen Mr. B. since."

Such are the principal points in the evidence which has been submitted to our consideration in prosecuting this investigation.

No one, we think, can read the testimony which is hereto appended, and of which we have given a brief abstract in the foregoing pages, without being convinced that the two late treasurers were wholly unworthy of the positions which they have occupied.

It is our opinion that John G. Breslin abstracted the money from the treasury, and that William H. Gibson, by concealing the defalcation and denying its existence, has disregarded truth and his sworn official duty. Whatever may be their respective legal liabilities, we are not able to discover any difference in the moral character of their actions.

"WHERE IS THE PEOPLE'S MONEY?"

We are not able to give a full and satisfactory answer to this question. It is unreasonable to expect that an investigation, of a few week's duration, should unravel all the intricacies of a complicated fraud, which was as many years in its consummation and development. The defalcation is not of recent date. The author of it has had time to cover over the traces of his guilt and obstruct the sources of information. The parties to whom the money may have been loaned, or with whom it has been intrusted, are interested in witholding the facts. Some of the witnesses have testified with great reluctance. The answers of one of them not being full and satisfactory, we addressed him a letter making more specific inquiry. Our letter and interrogatories remain unanswered.

Had time permitted, the law has not conferred upon us the power necessary for the complete solution of this problem. Without authority to send for persons and papers, to enforce the attendance of witnesses and to punish for contempt, no commission will ever be able to tell where the money is is to be found, or how it is invested. It is doubtful whether even these ample powers will bring to light all the secrets of this fraud. All the facts are known to one only, and he, though importuned to do so, has refused to disclose them. Enough has been elicited to render it probable that the money has been scattered with a free hand, and that the parties who now hold it, are numerous, and many of them beyond the boundaries of this State.

Respectfully submitted,

THOS. SPARROW, Commissioner.
F. M. WRIGHT, Auditor of State.

TESTIMONY.

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1. Letter to Mr. Breslin, not answered.
2. Deposition of Mr. Gibson.
3. Copies of Mr. Gibson's Receipts to Mr. Breslin.
4. Statements relative to deposits under the act of 1846.
5. Deposition of Judge Bowen.
6. Letter and Interrogatories submitted to Judge Bowen, which have not been answered.
7. Deposition of George B. Wright.
8. " " William Schouler.
9. " " O. Follett.
10. " " E. T. Stickney.
11. Letter of Simon Perkins.
12. Deposition of B. E. Smith.
13. " " W. G. Deshler.
14. " " C. Bretz.
15. " " Joseph Young.
16. " " O. P. Hines.
17. " " Daniel Beckel.
18. " " Chas. L. Johnson.
19. " " Henry Wilson.
20. " " William A. Hershiser.

LETTER TO MR. BRESLIN.

AUDITOR OF STATE'S OFFICE,
Columbus, *June* 30, 1857.

JOHN G. BRESLIN, ESQ., Columbus, Ohio—

Dear Sir: The undersigned are now engaged, under the provisions of the act of April 8, 1856, and the act supplementary thereto, passed March 30, 1857, in an examination of the books and accounts in the office of the Treasurer of State, and in comparing them with the books and vouchers in the Auditor of State's office, with the view of ascertaining the time and amount of an alledged defalcation in the funds of the State.

With this object in view, we have to request that you will furnish us with copies of any and all receipts you may hold for moneys paid by you to your successor. On Thursday next, at 9 A. M., at the office of the State Treasurer, we propose to commence the examination of witnesses, and will be pleased to have you present at any such examination, and to receive from you any statement you may feel disposed to make in reference to the subject.

Yours, &c.,

F. M. WRIGHT, Auditor of State.
THOS. SPARROW, Com'r, &c.

DEPOSITION OF WILLIAM H. GIBSON.

Ques. When did you take the office of State Treasurer, and what was the condition of the Treasury at that time?

Ans. I took the office January 14, 1856, and the condition of the Treasury, to the best of my knowledge, was as follows: The accounts of the office showed $204,987 97 as due from my predecessor on revenue accounts, and $94,926 47 funds to redeem the bills of "Canal Bank of Cleveland;" and his receipts or certificates of deposit to the amount of $760,715 70 were outstanding, mostly issued to county treasurers, for money advanced to the State, under the act of 1846. Of these receipts or certificates of deposit, there was no account; nor was I informed of their amount, by Mr. Breslin, and only learned it when they were presented by the treasurers at their annual settlements in 1856.

Mr. Breslin claimed that in the course of business, $204,636 36 had been deposited with certain Banks and Bankers, who had failed to respond in payment, and that he should insist upon a credit of that amount. He was willing to pay but $351 61 on account of revenues and the amount held on account of Canal Bank, but admitted he was liable for all the receipts or certificates of deposit outstanding, and assured me that I should be placed in funds to meet them as presented.

On the day I took office, he paid me in money, or its equivalent, $223,791 02.

Ques. Did Mr. Breslin pay anything subsequently? If so, when and what amounts?

Ans. He paid me $75,200 25, January 16, 1856; $1,520 counterfeit and depreciated Bank bills on the 9th of February, 1856; $2,616 45, February 12th, 1856; and on the 9th day of February, 1856, he paid $737 62, and delivered to me securities for a debt of $50,000 due the State from the Dayton Bank, for which I gave a receipt, expressing upon its face what it was for. For all these payments I gave official receipts, and Mr. Breslin holds none, except for the amounts named. He made no payments for which I did not give receipts.

I received $10,000 on debt of Dayton Bank. The whole amount paid me by Mr. Breslin was $303,865 34, to which may be added the $10,000 paid by the Dayton Bank, through Mr. Beckel.

Ques. When these certificates issued to county treasurers were presented to you by them, did Mr. Breslin make any arrangement with you for their redemption, and if so, what; and why was not the arrangement fulfilled on his part?

Ans. I considered that $208,587 26 of the amount paid me was applicable to the redemption of these certificates; which amount remained after deducting the amount admitted to be due on account of revenues and Canal Bank, as stated before. He made no other or further provisions to meet the certificates; nor did he make or propose to make any arrangement in relation to their redemption, except that when I met him, he assured me that he would do so, and never, during my term of office, intimated that he was unable or unwilling to do so.

Mr Breslin was absent, and I seldom met him during the time that these certificates were being presented. Doubting the liability of the State upon the certificates, I advised with the Attorney General, who was of opinion that I was compelled to receive them as cash, according to their terms.

But Mr. Breslin made no arrangements, except to make promises, and why they were not fulfilled, it is impossible for me to state. He first admitted his inability to meet his obligations to the State after I resigned office.

Ques. State fully all conversations which you have had with Mr. Breslin in regard to the matter, and particularly did he state where the money or any part of it was?

Ans. The substance of each conversation between us on the subject was, that I would call his attention to the amount due from him, and urge upon him the importance and necessity of its liquidation; and I did this whenever we met at a place or under circumstances when it was possible and proper. Often he would reply that it must and should be arranged, and that as soon as he returned from a named absence he would give it his attention, and that I should have no trouble. He was absent frequently, and owing to my absence during the greater part of last summer and fall, I think I met him but three or four times, from the first of July to December. In all our conversations, the impression was made upon my mind that he was able to meet his liabilities, but he never at any time, directly or indirectly, informed me where any part of the funds were; or from what person or source he expected to receive any amount of it. I never made such inquiry, and he never communicated to me upon that matter.

After my resignation, when I first met him, I did make the inquiry, but he declined to give me any information as to how the funds had been used, invested, suspended, or lost.

Before I took the office, neither Mr. Breslin or any other person, ever intimated to me that he would be unable to meet his liabilities to the State, or that he expected or would ask any aid from me in arranging his accounts. He never communicated with me in relation to his transactions while in office, or since his term expired; and when I came into office I had no information that led me to think that he had placed the public moneys in any position where he could not command them.

Ques. Did you borrow any money from Mr. Breslin while Treasurer of State, or receive any money from him through any other person, or did he or any person for him deposit any money with you, or did you make any investments for him, or were you interested with him in any speculations or investments?

Ans. I loaned in June or July, 1854, (probably later) $25.000 of the currency of the Greensborough Bank of Maryland, and gave my personal obligation, payable in the same currency. The loan was negotiated through Mr. Breslin, and the

details settled by C. L. Johnson, of Tiffin. Whether Mr. Breslin owned or had an interest in the bank, I know not. He represented himself as acting for other parties, and I never had but one conversation with him in relation to the loan, which was short and in the presence of Mr. Johnson. My object in making the loan, was to pay fifty per cent. on $51,000 stock, I had then taken in the Seneca County Bank. It was used for that purpose, and I think Mr. Johnson protected the circulation. I had acted for other parties in purchasing the Seneca County Bank.

I contracted with L. Arnold and B. Tomb in my own name, binding them by written contract to transfer the stock to such persons as I should direct. Different parties had been negotiating for the purchase of the bank, and in my purchase I acted for Mr. Johnson, it being understood that after the purchase parties could be found to take the stock and pay in the money. I had not expected to retain more than a nominal amount, but after the financial embarrassments of that year were known, purchasers of the stock could not be found. I therefore was compelled to retain over half the stock, and paid upon it fifty per cent., and gave my note for the balance. I gave no collateral security on the note handed to Mr. Breslin, and stated to him distinctly that I hoped to take it up within a year, and that I should pay it as fast as I could obtain the means from the sale of the bank stock. Before I became Treasurer of State, the obligation given Mr. Breslin was paid, and the stock I had disposed of.

My note for the Greensborough currency was paid, I think, in that paper, and after that time, it was not paid out to my knowledge by the Seneca County Bank.

In all this Mr. Breslin did not assume to be acting for himself, but did assume to act for others, as before stated. This is the whole of the moneyed transactions between us, whilst he was Treasurer of State.

I never received any money from him through any other person, persons or company. Neither he nor any person for him, ever deposited any money with me, nor with any person or corporation for my use, benefit or control.

I never made any investment for him *at any time*, nor did he or any other person request me to do so. I have never made, offered to make, or been requested to make, any investment with him. He never advised me of investments made by him, nor did I ever advise with him in relation to my business or investments.

Ques. From your conversations with Mr. Breslin, or your business transactions with him or others, are you able to state where the public moneys or any portion of them were or now are deposited or invested?

Ans. I am not.

Ques. Have you at any time received from Mr. Breslin any moneys, drafts, certificates of deposit or other evidences of debt, other than those mentioned in your answers to interrogatories one and two?

Ans. I have not.

Ques. Had you any negotiations with Mr. Breslin in the summer of 1856, relative to the balance in his hands?

Ans. I never had any conversations or negotiations upon the subject except as stated in reply to previous questions.

Ques. Did you and Mr. Breslin visit New York in June, 1856, or were you there together about the first of July of that year, and what was the object of your visit, or the subject of your negotiations?

Ans. The last of June or first of July, 1856, I went to New York to deliver the means to pay July interest, and I there saw Mr. Breslin and Mr. Kimball. At Cleveland, or probably at Dunkirk, I fell in company with Mr. Breslin and Mr. Walker, of New England, and we went to the city in company. I have no knowledge as to the object of Mr. Breslin's visit or of his negotiations, as I had no

conversation upon that subject with him. We had transacted no business together. His visit, so far as I know, had no connection whatever with the payment of the July interest.

Ques. Do you know or have you reason to think that Mr. Breslin has ever applied the public moneys to private purposes or speculations, or loaned any portion to any individual or corporation. If so, state the instances fully?

Ans. I have reason to think so, but have no positive knowledge. I know of no speculations entered into by Mr. Breslin, or loans or investments made by him. I have knowledge in relation to three transactions involving money by Mr. Breslin, but I cannot state that they were loans or investments of either public money or private funds; and all my knowledge was communicated to me, as Mr. Breslin's attorney, who in each instance paid me for my professional services. I could have no objection to state all my knowledge, but received, as it was, in professional confidence, I suppose I have no right to communicate or disclose it. I may state that the gross amount of all fell below $50,000, as I think, and that my last services were rendered late in the winter of 1854–5. In one case I was associated with other counsel. In the other two the amount involved was small.

Ques. Did you at any time receive from the banks, banking institutions, or brokers, any money or property of any kind in consideration of your deposits of the public funds, or any other favors granted to them?

Ans. As Treasurer I did receive interest or a consideration for the deposit of money, for which I am liable to the State. I kept an account of the several amounts, and in some instances communicated the fact to public officers and others. But I never have received one cent in the way of money or property on my own account. I am not aware of receiving any favors on account of any deposits.

Ques. In your letter to Mr. Kelley, chairman of Finance Committee, under date of March 14, 1856, you say: "I will state the sum now in the Treasury, besides funds belonging to the Canal Bank of Cleveland, is $921,391 95." Is that statement true? If not, what is your explanation?

Ans. The balance of the revenue accounts amounted to that sum, at that date, but it is not true that the cash in the Treasury amounted to that sum.

My only explanation is that I treated the liability of Mr. Breslin as cash items, relying upon his assurances of his purpose and ability speedily to make good the amount due from him.

Ques. In your answers to interrogatories one and two, you state that you received of Mr. Breslin but $303,865 34, and that he had outstanding certificates of deposit issued to county treasurers to the amount of $760,715 70. In your communication to Mr. Kelley you use the following language: "My predecessor has provided means, from time to time, to meet these certificates, and but $130,000 are now outstanding." Was this statement true—if not, what is your explanation?

Ans. Mr. Breslin did not furnish means to redeem those certificates beyond the amount mentioned in my answers to the interrogatories referred to. The explanation is the same as that contained in my answer to the preceding interrogatory.

I relied upon his repeated and earnest assurances that the amount due from him should be speedily paid, and that it might be relied upon as available to meet demands on the Treasury. The amount of certificates then outstanding was correctly stated.

Mr. Breslin paid me the sum of $303,865 34, and no more. Of this sum, $94,926 47 belonged to the Canal Bank of Cleveland, and $351 61, due on revenues, as before stated. The residue, $208,587 26, and no more, was applicable and was applied to the redemption of the certificates. He furnished me with no other means.

Ques. On the 14th March, 1856, you furnished Mr. Kelley with a detailed statement of the condition of the funds of the State, of which the following is a copy:

SCHEDULE BY MR. GIBSON.

Springfield Bank, certificate	$5,000 00	
Champaign County Bank do	3,540 25	
W. C. Hedges & Co., Bankers, do	3,000 00	
Marfield's Bank, do	4,100 00	
Dayton Bank, do	2,400 00	
Wick, Otis & Bunnell, do	30,000 00	
Tomb, Huss & Co., Bankers, do	33,949 70	81,989 95
Scioto Valley Bank, Draft on Atwood & Co., N. Y.,	5,000 00	
Seneca County Bank, certificates	38,857 81	
Union Bank, do	5,000 00	
Moss Brothers, do	10,000 00	
Ohio Life Ins. & T. Co., Cin., do	5,347 00	
Forest City Bank, do	5,000 00	69,204 51
Franklin Branch Bank, do	48,104 20	
Bartlitt & Smith, do	47,305 45	
Exchange Branch Bank, do	28,200 00	
Clinton Bank, do	113,638 00	
Individual checks on Columbus Banks	750 00	
Harper, Ayrs, Roberts & Co., Bankers, drafts on Atwood & Co., N. Y	5,000 00	
Franklin Branch Bank, certificate payable in exchange	4,191 05	247,188 70
Canfield & Ladd, Bankers, drafts on Atwood & Co., New York	10,000 00	
Seneca County Bank, drafts on American Exchange Bank, N. Y	95,759 40	
Ohio Life Insurance & Trust Company, Cincinnati, Ohio, current account balance	40,675 61	
Messrs. Atwood & Co., N. Y., current ac't balance,	9,237 03	
Salaries advanced public officers	1,575 00	
Advances to State House contractors and for materials	20,592 67	
Drafts of Canal Commissioners for Auditor's warrants	75,690 48	253,530 19
Coin in vault of Treasury	15,110 60	
Foreign currency in the Treasury	27,354 00	
Ohio currency of specie paying banks and good Ohio,	225,591 00	
Counterfeit and depreciated bank bills	1,520 00	269,575 60
Funds of Canal Bank in Ohio currency and change		82,830 00
Aggregate of all funds in the Treasury		$1,004,225 22

Were the certificates, drafts, moneys, and other evidences of debt above mentioned, in the Treasury at the time stated. If so, were they genuine, how procured, of whom and by whom?

Ans. According to my recollection and belief they were all in the Treasury as stated in the schedule, and I believe they were all genuine and received in the

ordinary course of business, with the following exceptions and qualifications. I think I owed the Seneca County Bank from $30,000 to $50,000, on account. The liability arose out of certain exchange transactions, not then brought to a close.

The certificates of Weeks, Otis & Bronell, were forwarded to me by the Treasurer of Cuyahoga county, in advance of his settlement with the Auditor of State, for the taxes of that county.

I think I owed considerable sums to the parties from whom I received the State House claims and drafts on Canal commissioners, for auditor's warrants.

My habit was to take such claims receipted in full or transferred to me and to pay the parties, from time to time, in such sums as were called for.

The $15,000 of coin was sent to me to be exchanged for currency, which, at that time, had not been remitted.

The statement as to the cash in the Treasury, other than the coin referred to, was not correct, but the true amount I cannot state. Money frequently found its way into the Treasury as deposits or otherwise, with which the Treasurer was not charged in any account. Frequently large sums were thus under my control for short periods.

Ques. Will you explain the nature of those deposits which reached the Treasury of which no account was taken—by whom made, to whom did they belong and what was their object?

Ans. County Treasurers sometimes remitted moneys in advance of their settlements and some times more than was ultimately found to be due from them. Individuals would sometimes make temporary deposits for their own convenience.

Banks frequently deposited their own notes for the benefit of the circulation that could be given to them through the Treasury, and with the understanding that other currency was to be given to them in exchange, and not unfrequently considerable time elapsed before the banks were fully paid.

These were accommodations without risk or expense to the State, which I felt at liberty to extend when convenient. I am unable, at this time, to particularize these transactions by names of parties, dates or amounts.

Ques. On the 29th of March, 1856, you addressed the following letter to Mr. Kelley:

STATE TREASURER'S OFFICE,
Columbus, March 29, 1856.

HON. A. KELLEY, Chairman, &c.:

Dear Sir:—Below find statement of the gross and several sums of money paid me by John G. Breslin, Esq., late Treasurer, on account of balances due from him:

January	14, 1856,		$223,791 02	
"	15, do		24,703 92	
"	16, do		75,200 25	
"	18, do		59,977 08	$383,672 27
February	6, do		29,345 82	
"	9, do	(Depreciated)	1,520 00	
"	9, do		50,737 62	
"	12, do		2,616 45	
"	16, do		6,278 46	$90,498 35
"	16, do		35,634 57	
March	3, do		174,917 20	
"	5, do		151,379 18	$361,930 95
Total amount				$836,101 57

This includes *all* that I have received from the late Treasurer up to this date.

There is yet outstanding $80,000 of his certificates, held by the Treasurer of Hamilton county. In the gross receipts, I have included the redemption fund of the Canal Bank of Cleveland.

I am, respectfully,
WILLIAM H. GIBSON.
Treasurer.

Ques. Please explain the statements in the foregoing letter.

Ans. The items of $228,791 02, $75,200 25, $1,520, $2,616 45, and $50,-737 62, are correct with this qualification. The item of $50,737 62, includes the securities for a claim of $50,000, then due the State from the Dayton Bank, and the receipt therefor given to Mr. Breslin, has upon its face the following memorandum: "$50,000, Dayton Bank, deed of trust—not cash. W. H. G."

Upon these securities I received $10,000, last December. The other items are not correct.

At the time I was called upon for this information, Mr. Breslin was absent, but before his coming home, he had assured me that he would meet his liabilities upon his return. I felt constrained to reply without delay, and I, without advice or consultation with any one, determined to report as I did, having the fullest confidence that within a few days the amount would in fact be paid by Mr. Breslin.

Ques. On the 1st of November you furnished the Joint Committee with the following statement:

CONDITION OF FUNDS IN THE TREASURY, NOV. 1, 1856.

Cash currency	$65,031
State House claims	5,222
Piqua Branch Bank, Piqua	34,173
Hedges & Co., Tiffin	5,000
Tomb, Huss & Co., Tiffin	17,500
Seneca County Bank, Tiffin	25,500
Kimball & Co., Cleveland	30,194
Franklin Bank, Columbus	17,230
Ohio Life Insurance & Trust Company, Cincinnati	11,104
Dunlevy, Drake & Co., Cincinnati	34,219
Miscellaneous	7,940
Collections remitted	10,302
Bartlitt & Smith, Columbus	49,213
Adams, Carlin & Co, Findley	4,000
Commercial Bank, Cleveland	16,200
Barney, Hubbard & Durbin, Sandusky	13,000
R. H. Gilson, Defiance	9,000
Clarke County Bank, Springfield	17,300
Counterfeit and depreciated notes, and Canal Bank account	1,895
Total	$374,023

Estimated amount in the Treasury, Nov. 1	$320,000	
do Canal Bank Fund	56,000	
		$376,000

Ques. Explain how this statement was made up—are the amounts correctly stated, and were the moneys deposited in the Treasury at the time?

Ans. I never furnished such a statement; about the time of the examination I remarked to Mr. Taylor, in the course of our conversation, that I had, from time to time made schedules of the assets in the Treasury, but without much care or effort to be very accurate; at his request I made search, and finding two of the schedules, handed them to him. He examined them. Shortly afterwards, and I think after the examination had closed, he called again and asked for those schedules; they were handed to him and he sat down and copied them. I still have the originals among my papers at Tiffin. They differ from the copy as published in several important particulars. The cash items and most of the bank liabilities are erroneous. I cannot state the amount of these items, without the aid of the originals. The memoranda were in light pencil marks upon slips of paper; errors might have easily occurred in copying. I rely for the accuracy of what I now state upon a comparison of the printed statement with the originals, made with both before me, soon after the publication of the report of the joint committee.

Ques. The joint committee report the following statement of the condition of the Treasury as furnished by you.

CONDITION OF THE FUNDS IN THE TREASURY, NOV. 15, 1856.

Estimated amounts in the Treasury, including Canal Bank Fund...	$391,582 38
Consisting of the following items:	
Balance due from Mr. Breslin, late Treasurer	6,048 60
State House claims	4,414 49
Due from Independent banks for expenses	628 00
Depreciated and counterfeit notes	1,550 00
Bonds and suspended bills	1,107 95
Receipts and drafts	14,699 09
W. A. Hersheizer	1,000 00
Forrer, Burt & Co., contractors on canal	9,500 00
Salaries of officers and clerks, advanced	3,985 00
Seneca County Bank account	19,642 98
Tomb, Huss & Co., account	11,980 00
W. C. Hedges & Co., certificates	5,000 00
Collections by mail remitted	7,821 55
Canal Bank account	354 62
Ohio Life and Trust Company, Cincinnati, account, $17,000 to be paid in exchange	36,579 04
Dunlevy, Drake & Co., account, $14,000, to be paid in exchange	34,258 67
Kimball & Co	34,249 00
Piqua Branch Bank	32,924 14
Clark County Bank	21,300 00
Bartlitt & Smith	43,724 80
Canal Bank notes	135 00
Cash	100,679 45
Total	$391,582 38

Please explain this statement; how was it made up; are the amounts due correctly stated, particularly the item of $6,048 60, balance due from Mr. Breslin; that of $32,924 14 due from Piqua Branch Bank, and that of $100,679 45 cash?

Ans. This was one of the two schedules which the committee obtained as

stated in my answer to the preceding question and the explanation would be as in the preceding response. It was made up in a few moments and in haste, but I know that some of the published amounts are incorrect. I had during the fall (sometime before the examination) told Mr. Taylor in reply to his inquiry, that Mr. Breslin had paid nothing after March 28, 1856. Then or about that time, we spoke of the balance yet due from Mr. Breslin, and after a hasty calculation, made as I think, in presence of Mr. Taylor, I told him what the balance would be and it is probable that amount was as stated in the published schedule. There was not $100,679 45 cash in the Treasury, nor can I state what the amount was.

I had a certificate for $28,400 of the Piqua Branch Bank at the time of the examination, December 18, 1856, but it is my impression that I had no such certificate, November 15, and without examination, it is my impression, that the amount due from that bank at the latter date, could not have exceeded $2,924 14, if it equalled that amount.

Ques. On the 15th December the following statement purporting to be made under your inspection and with your assistance is reported by the joint committee.

"The following statement of the condition of the funds in the Treasury is made by the committee from personal examination, aided by the Treasurer and his clerks, December 15, 1856:

Balance due from late Treasurer		$6,399 92 3
Auditor's drafts on various parties suspended	$4,573 61	
Notes of broken banks and depreciated bank notes	808 00	
Counterfeit bank notes	582 00	
		5,963 61 0
Nine National Road bonds, issued under act of March 2, 1846, delivered to the Treasurer in trust for the parties thereto, and charged to the Treasurer. Issued November, 1848, to the order of R. Hume, jr. Amount		557 48 0
Express charges paid		3 05 0
Hersheizer		1,000 00 0
Advanced to officers of State and clerks in departments		4,231 00 0
do to Ohio Central Lunatic Asylum		1,000 00 0
do to Forrer, Burt & Co., canal contractors, on current year		10,000 00 0
do to Samuel Medary, printing		866 52 0
do on State House claims in hands of Bartlitt & Smith, three-fourths of the amount of the claims having been regularly paid by appropriations		4,414 39 0
Sundry checks on banks and bankers		1,421 75 0
Current bank notes		7,017 00 0
Canal bank notes		1,150 00 0
Coin		10 75 0
Auditor's drafts on W. P. & S. D. Day, convict labor		1,129 50 0
do do on County Treasurers, Sec. 16		1,250 80 0

BANK ACCOUNTS.

Bartlitt & Smith, Columbus	34,650 46 0
Dunlevy, Drake & Co., Cincinnati	4,611 86 0
Ohio Life Insurance & Trust Company, Cincinnati	7,254 04 0
Kimball & Co., Cleveland	38,625 16 0

Bank of Commerce, do	$2,834 36 0
Piqua Branch Bank, Piqua	2,433 15 0
Seneca County Bank, Tiffin	11,601 03 0
do do do	243 15 0
Independent Bank account	866 15 0
Tomb, Huss & Co., Tiffin	6,967 50 0

CERTIFICATES OF DEPOSIT.

6 certificates Seneca County Bank, Tiffin	20,028 85 0
1 do Tomb, Huss & Co., do	10,000 00 0
3 do W. C. Hedges & Co., do	15,000 00 0
1 do Clark County Bank, Springfield	14,300 00 0
1 do Piqua Bank, Piqua	28,400 00 0
Bartlitt & Smith, Dec. 8, on John Thompson, payable Jan. 1, 1857	34,000 00 0

REMITTANCES—FUNDS IN TRANSITU.

To the Ohio Life Insurance & Trust Co., New York, Dec. 15	12,925 00 0
Atwood & Co., Dec. 10, 11, 12, 13	96,505 38 0
Ohio Life Insurance & Trust Co., Cincinnati	2,573 26 0
Dunlevy, Drake & Co., do	6,010 00 0
	$396,245 12 3

Balance in Treasury Nov. 15, 1856	$322,413 15	
Redemption Fund, Canal Bank	55,921 47	
General do do	17,133 81	
Total	$395,468 43	

which does not include the suspended claims, but only the amount for which the Treasurer admits himself liable to account."

Are the amounts there stated correct? If not, which are true? Are the balances on bank accounts true and correct, and actually due at that time to the State; are the certificates of deposit correctly stated; were they genuine evidences of indebtedness, and were there no offsets of any kind against them, or any other item in the above statement?

Ans. I exhibited the books, letters received, and copies of letters, sent from the office, together with the money, drafts, checks, certificates of deposit and assets in the office, to the joint committee, which they examined. The footings of accounts were made by them, and all the figures and amounts were the result of their examination. I presume the amounts are correct, but am not positive.

Of the account against Kimball & Co., I think, about $34,000 accrued in this way. I sent to them my checks, drawn or endorsed as Treasurer of State, asking credit for the amounts, and was advised that my account had credit accordingly.

I may have owed Forrer, Burt & Co., the whole or a part of the $10,000, credited as advanced to them as canal contractors, but may be mistaken.

I think the certificates of Seneca County Bank were $30,028 85, and I am positive those of W. C. Hedges & Co. were $5,000 instead of $15,000.

I presume that one or more of the Seneca County Bank certificates were endorsed by Hedges & Co., and that in this way this error occurred.

I forwarded to the Clarke County Bank my check or draft, drawn or endorsed by me as Treasurer for $14,300, and for it I received their certificate.

In the same way I obtained the certificate of $28,400 from Piqua Branch Bank. I think the draft of Bartlitt & Smith for $34,000, on Thompson, was not paid for at the date.

It is my impression that the item stated as in transitu to Ohio Life Insurance & Trust Co., New York, had not been sent from the office, but if not, it was real and substantial.

The $96,505 38, credited as remitted to Atwood & Co., of New York, was a real credit, but based upon the proceeds of Auditors' drafts on County Treasurers, drawn to meet January interest. A large number of banks and bankers to whom those drafts had been sent for collection, had actually remitted before the examination, but I was not charged with those several amounts, as the fact of their payment was not stated to the committee. What the gross amount of these several sums was I cannot now state, as I have never examined, but it made up a considerable portion of the assets exhibited to the committee. It was by means of these drafts, which were not payable until December 20th, that I was enabled to make the exhibit.

I had realized upon them, and in accounting for the balance in the Treasury, as shown by the Auditor's accounts, received credit for the amount. I had been charged in special account with these drafts, and in accounting for them presented the committee with an account of my own, which showed where they had been sent for collection. That account was correct, except that it did not show the fact, that a large portion of the drafts had been paid to me. In this way I exhibited a large amount with which I was not charged in account.

It is proper for me to state that during the progress of the examination, I merely exhibited the papers, books, &c., and that the committee made the calculations. After accounting in the way indicated for the balance charged against the Treasury, in the Auditor's office, I advised the committee of the fact of having received the Auditor's drafts on County Treasurers, and then presented the account of them, to which I have before referred. I was not sworn before this examination; but the next day, probably, I was presented with a number of questions, in writing, and was then sworn by the chairman of the committee to make true answer thereto. I did answer, in writing, as appears from the published report.

With these exceptions and qualifications the certificates and accounts were genuine and correctly stated.

Ques. The Auditor of State, in his report for the year 1856, states that the balance in the Treasury, as appeared by the books, had been verified and ascertained to be correct by an actual count of the funds in the Treasury. How were you enabled to make the necessary exhibit of funds to him?

Ans. For my answer to this question I refer to my answer to the preceding one. The result was arrived at in the same manner, and by the exhibit of substantially the same funds and credits.

Ques. By the records in the office of the State Treasurer, the Seneca County Bank appears to have had a circulation of $209,000. Had the bank at any time that amount of bonds deposited with you as Treasurer; if so, please state what has become of said bonds, and where and in what condition were said bonds at the time of your resignation, and why said bonds were not under your control at that time, as contemplated by law?

Ans. The circulation account kept by the Register was no doubt correct, and the bonds equaled or exceeded the circulation—which bonds were deposited and under my control as Treasurer. Of its bonds $77,420 were in the vault; $100,000 had been sent to New York with a view to their sale, for the purpose of pur-

chasing less valuable bonds; and the residue were in the hands of another banker in New York. All except $73,420 were of the issue due in 1886. I had, through another person, made a purchase of these bonds, which fact was not disguised but known to other public officers, as well as the object of the purchase. They were all paid for early in January from the proceeds of bonds maturing and left for sale.

Of the bonds purchased for the Seneca County Bank $104,000 were transferred to it, and received at the Treasury early in January last. The residue, at the request of the party who purchased for me, I consented should remain in New York until the bonds of 1860 left for sale were disposed of. They were disposed of, and although these bonds were still in the hands of a New York banker, they were subject to my control at any time. They belonged to the bank, had been paid for by them, and neither myself nor the bank ever obtained, or sought to obtain, a dollar in money or credit upon them; and no one was ever authorized by me to use them for any purpose whatever. They will be returned to the bank, which I learn has returned notes for that amount. The $100,000 sent forward for sale the first of June, as stated, were of the issue due in 1886.

To meet current disbursements I drew on a house in New York, who paid my drafts to the amount of $61,590 17. It was the same house to which I had sent the bonds. My drafts were drawn as Treasurer of State, and when I learned that the bonds would only command a premium of from 6 to 8 per cent., I authorized the parties to sell or hypothecate them to meet my drafts. They were not sold, and I know nothing as to their being hypothecated except from others.

I set apart, as Treasurer of State, means of an amount equal to the drafts so paid, for the purpose of purchasing therewith bonds for the bank of less value, and had the bank suspended, the means to redeem the bills would have been in the Treasury in money or its equivalent, if not in bonds.

I had made inquiries for bonds of 1860 and domestic bonds, which were at a premium of about one per cent., and should no doubt have purchased, within a few days, had I not resigned. When I did resign, I took the means so set apart, and with them liquidated the claim against the State growing out of the payment of my drafts, and therefore the $100,000 in bonds were delivered to the Auditor of State, who deposited them for retransfer to the Bank, as I am advised. Upon these bonds I never obtained a dollar for my own use or benefit, nor did the Bank or any person ever obtain or seek to obtain a cent in money or credit thereon. But, on the contrary, I paid, in interest and brokerage, near $400 to the firm who had paid the drafts before mentioned. As the premium on these bonds would amount to near $10,000, it was intended to sell them and deposit an equal amount of bonds of a less valuable class, and thus obtain for the Bank the use of about $9,000 now invested in premium and not productive. This change was suggested by the fact that the Bank had gone into liquidation. For all this I had authority from the cashier of the Bank. In the absence of authority I have never changed or used any bond in any way. When authorized or requested, I had often exchanged bonds for the different Banks, but never so as to reduce the amount of bonds subject to my control, or the means of redeeming the circulation.

It may be proper to state, that my rule as to maturing bonds was to collect them and have the proceeds credited in official account, agreeing to give the Banks the amount received upon their bonds when others had been purchased.

The Seneca County Bank held about $75,000 maturing bonds and $57,000 due in 1860. The latter were sold and applied in payment of the bonds purchased for the Bank, as I have stated. The City Bank of Cleveland got $16,000 of those due in 1860, and the balance were sold in New York.

The receipts held by the Bank for the maturing bonds and those sold, had not

been surrendered, or exchanged for other receipts, descriptive of the new bonds; and in fact we had not adjusted our accounts as to the bonds purchased, although the Bank had paid for them, except a portion of the premium.

I did nothing in respect to these bonds except for the benefit of the Bank, and nothing but what I had authority to do.

I sent the bonds to New York, without advising the Bank at the time, but under authority and for the object before stated.

They were sent but a few days previous to my resignation, and I had neither time nor opportunity to adjust my matters with the Bank.

I could have replaced them all in the vault as soon as I could have ordered them from New York and received them from there, had I retained office.

I thought it best to retain office until I could arrange my official accounts, but yielded to the judgment of others and resigned without any preparation; since which time I have not been able to devote a moment to the examination of the accounts or business of the office.

Ques. What funds did you apply to the redemption of the bonds, and in whose hands were they at that time?

Ans. I had *set apart* funds of an amount equal to the overdrafts upon the New York house, as I have before stated.

With these funds I provided for the payment of such overdrafts. That payment was made by E. Ludlow, Cashier, to whom I delivered cash and drafts, with collaterals, to reimburse him for such payment. I made a written proposition to Mr. Ludlow, which was all the negotiation I had with him. I suppose he accepted that proposition, because nothing further passed, and he made the payment as stated. Before I left for New York, I stated the object of my visit to the Governor and others, and requested the State Auditor to meet me there. In that request the Governor joined, and the Auditor reached there the next day after myself. All that I did was with the knowledge of the public officers, and without objection from any one.

The funds were in my own hands, and for the purpose and under the circumstances before stated.

Ques. Why were the $32,000 bonds of Seneca County Bank in the hands of a N. Y. banker; by whom put there, and when; and why were they not delivered to the State officers on your resignation?

Ans. As stated in reply to a former question, I had consented that the bonds should remain for a few days. This was January 3, 1857, I think. Pressed by business, and being absent for over a month, I had wholly neglected to order these bonds to the Treasury. I had no conversation or correspondence with any one in relation to them until after I resigned. I then supposed that I could control them at any moment, and I certainly had a right to do so. Had not other arrangements been made by the Seneca County Bank, they would have been forwarded to the Treasury early in July.

I never procured any loan or advance whatever upon them, or pledged or hypothecated them in any way; or obtained any other person to do so.

Ques. To what officers did you make known your purchase of the bonds alluded to in your previous answer; the time and circumstances of such information; what was the object of the purchase, and of whom did you purchase them?

Ans. The bonds were contracted for in December, to be delivered January 1, 1857.

The contract was made with John Thompson, New York, with the object of furnishing such Banks as desired to exchange their maturing bonds for the new issue.

They were paid for upon delivery, as I have before stated.

I never disguised the fact of the purchase, and communicated it to the Auditor of State at the time of delivery.

Of $150,000 purchased, $11,000 were delivered by me to the Auditor, for the Champaign County Bank. He gave me $11,000 bonds that were due, and I drew on the Bank for $770 premium. It is my impression that I mentioned the purchase to other public officers, but may be mistaken.

The remaining $139,000 were intended for the Seneca County Bank, but only about $136,000 were taken by that Bank. I never derived, or expected to derive, any pecuniary benefit whatever from the transaction. It was an accommodation for others, which imposed neither trouble nor expense upon me.

Ques. Had you any bonds deposited with Drake, Dunlevy & Co., of Cincinnati? If yea, to whom did those bonds belong, and why were they there?

Ans. I had, from August to December, 1856. The bonds were in my possession, as money belonging to the State, having been received by me, in the course of business, as cash.

They were so deposited as security for money advanced by that firm, for the use of the Treasury. They were converted into money by me, at the earliest day after I again obtained possession of them.

Ques. Please state the circumstances and facts connected with your sworn statement published in April last.

Ans. I made such statement, which was published in the Statesman and Journal. Without time for examination or reflection I have to state that it was probably correct, except that the Canal Bank fund was near $13,000 more than stated. An error had occurred in that balance, which was not discovered until June last.

The statement of assets, drafts, certificates, accounts, &c., I believe to be correct, although I may not have been charged with them all by the Auditor.

In the sworn statement there is an item of about $549,000, "certificates paid by me."

In copying for the press, I did not insert that item. In the amount of the credit claimed at the Trust Company in New York, there is an error, but whether it occurred in copying or with the printers, I cannot state. I think that item should be $7,540 09.

Ques. You state the actual default of Mr. Breslin to be $549,892 21, and in November last you report the balance in the treasury to be $350,548 59. If these statements are true, you must have advanced to the treasury nearly $200,000. Is this true and how were you enabled to make this heavy advance?

Ans. The actual default of Mr. Breslin will appear from statements in the first part of this examination.

The revenue balances in the treasury November 15, 1856 were $350,578 59, and the Canal Bank funds exceeded $68,000, instead of $55,921 47, as stated in my annual report. The cash chargeable to the treasury at that date was over $418,548 59; and I was advance to the treasury from $126,000 to $130,000. My draft for over $38,000 on Atwood & Co., was not presented or paid until December 20. I obtained $30,000 at Wheeling, Virginia; $32,000 of an institution in Cincinnati, and either $30,000 or $40,000 of a banking house, also in Cincinnati. My impression is that at the date of my annual report such advances amounted to $140,000. I cannot be certain as to amounts. I take leave to add that every dollar of the public money, which came to my hands while I filled the office of Treasurer of State was faithfully applied to the public service or handed over to my successor, and that not a dollar of such money is now in my hands or remains unaccounted for.

Ques. How did you pay the interest on these heavy loans?

Trumbull	$1,793 15
Van Wert	113 62
Wayne	952 77
Wood	1,783 54
	$44,183 82

STATEMENT of amounts deposited by County Treasurers, under the act of 1846, exceeding the amounts due from counties to the State, and refunded to them, by the State Treasurer, on settlement in 1855.

Allen	$3,287 08
Athens	2,029 30
Auglaize	536 23
Brown	5,301 07
Butler	1,298 80
Columbiana	35,677 13
Coshocton	342 86
Defiance	336 66
Delaware	726 75
Gallia	272 18
Henry	1,214 89
Highland	10 72
Hocking	1,522 50
Holmes	1,158 17
Lorain	441 33
Mahoning	1[illegible]
Medina	8[illegible]
Meigs	92 20
Monroe	4,967 50
Noble	44 70
Perry	492 0[illegible]
Pickaway	79 0[illegible]
Preble	144 9[illegible]
Scioto	3 4[illegible]
Shelby	1,452 0[illegible]
Van Wert	233 3[illegible]
Vinton	30 5[illegible]
Wayne	130 9[illegible]
	$61,827 4[illegible]

The Answers of O. Bowen, of Marion, Ohio, to the Interrogatories of F. M. Wrigl Auditor, and of Thomas Sparrow, Commissioner.

Ques. Have you had any pecuniary transactions with John G. Bresli while Treasurer of State? If so, state what they were, how much money he a vanced, the time of such advance of funds, and how it was applied?

Ans. I never had, in my own behalf, any pecuniary transactions with John Breslin, while Treasurer of State. When he took possession of the office, in 185 he received, as I understood, from his predecessor, Mr. Bliss, various certifica of deposit, and checks on banks and bankers, which it became necessary for him collect. He proposed to deposit them in the Bank of Marion for collection,

proceeds to be returned to him in exchange, to pay interest in New York, or in currency, as he might desire, but no charge was to be made for the collection, as it was understood the money would not be needed until July following, or perhaps after that time. The deposit of said certificates, checks, and of some bank notes, was made in January, 1852, and the said Breslin continued to have in said Bank of Marion, to his credit, such deposit for something more than one year, varying, however, in amount, as he, from time to time, withdrew portions of it for the public use, as I understood. I cannot now give the amount at any time so held by the Bank, for the benefit of Mr. Breslin, but it amounted, some of the time, to over $40,000. The Bank paid Mr. Breslin's checks in currency, or exchange, as often and in such sums as he required, until he drew out all of his funds so deposited. I think that early in the season of 1853, he withdrew his entire balance, and closed his dealings with the Bank. I was, at the time spoken of, an officer of the Bank, and obtained my knowledge of his transactions there by means of my official relation to the institution. All of my interest in and connection with the Bank terminated in October, 1853, and I have since known nothing of its affairs whatever. I know that all of the money placed in the Bank by Mr. Breslin, while I held an interest there, was repaid to him some time before I left it. I do not know that he has ever made any deposit there since. I am of the impression that he has not.

Ques. Did you or any other person borrow of him, while State Treasurer, any money? If so, state what amount, and how it was applied?

Ans. I did not borrow from said Breslin, while State Treasurer, nor at any other time, any money whatever, nor do I know of any person who did.

Ques. Did you receive any money from any other person, with the understanding that it came from him, or from the State Treasury? If so, what became of it, how it was applied, and the amount thereof?

Ans. I did not.

Ques. Had he, or has he now, any interest in any banking institution or broker's office in this or any other State, or in speculations of any kind? If so, state what, how much money he invested, the time of such investment, the name of such banking institution or broker's office, the place of such institution, and what became of the money so invested?

Ans. I cannot state whether the said Breslin has any interest in any banking institution or broker's office, or in speculations of any kind. I possess no knowledge on that subject, and can give no information relating thereto.

Ques. Had you any such transactions with William H. Gibson, while Treasurer of State? If so, state fully their character, the amount of money advanced by him, how applied, and what became of it?

Ans. I never had any such transactions with W. H. Gibson. I neither personally, nor in any other way, have had any dealings with him, of a pecuniary or any other character, since he was elected State Treasurer.

Ques. Did you or any other person borrow any money of him, or receive of any other person any money, with the understanding, express or implied, that it came from him? If yea, state the amount, how it was applied, and what became of it?

Ans. Neither myself, nor any other person, to my knowledge, ever borrowed of said Gibson, or received from any other person, any money, with the understanding, express or implied, that it came from him.

Ques. Had he, or has he now, any interest in any banking institution, broker's office, or speculation of any kind? If so, state what, how much he invested, the time of such investment, and what became of the money?

Ans. I have no knowledge of any such interest.

Trumbull	$1,793 15
Van Wert	113 62
Wayne	952 77
Wood	1,783 54
	$44,183 82

STATEMENT of amounts deposited by County Treasurers, under the act of 1846, exceeding the amounts due from counties to the State, and refunded to them, by the State Treasurer, on settlement in 1855.

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Henry	1,214 89
Highland	10 72
Hocking	1,522 50
Holmes	1,158 17
Lorain	441 33
Mahoning	19
Medina	84
Meigs	92 20
Monroe	4,967 50
Noble	44 70
Perry	492 02
Pickaway	79 02
Preble	144 94
Scioto	3 48
Shelby	1,452 07
Van Wert	233 37
Vinton	30 58
Wayne	130 91
	$61,827 49

The Answers of O. Bowen, of Marion, Ohio, to the Interrogatories of F. M. Wright, Auditor, and of Thomas Sparrow, Commissioner.

Ques. Have you had any pecuniary transactions with John G. Breslin, while Treasurer of State? If so, state what they were, how much money he advanced, the time of such advance of funds, and how it was applied?

Ans. I never had, in my own behalf, any pecuniary transactions with John G. Breslin, while Treasurer of State. When he took possession of the office, in 1852, he received, as I understood, from his predecessor, Mr. Bliss, various certificates of deposit, and checks on banks and bankers, which it became necessary for him to collect. He proposed to deposit them in the Bank of Marion for collection, the

proceeds to be returned to him in exchange, to pay interest in New York, or in currency, as he might desire, but no charge was to be made for the collection, as it was understood the money would not be needed until July following, or perhaps after that time. The deposit of said certificates, checks, and of some bank notes, was made in January, 1852, and the said Breslin continued to have in said Bank of Marion, to his credit, such deposit for something more than one year, varying, however, in amount, as he, from time to time, withdrew portions of it for the public use, as I understood. I cannot now give the amount at any time so held by the Bank, for the benefit of Mr. Breslin, but it amounted, some of the time, to over $40,000. The Bank paid Mr. Breslin's checks in currency, or exchange, as often and in such sums as he required, until he drew out all of his funds so deposited. I think that early in the season of 1853, he withdrew his entire balance, and closed his dealings with the Bank. I was, at the time spoken of, an officer of the Bank, and obtained my knowledge of his transactions there by means of my official relation to the institution. All of my interest in and connection with the Bank terminated in October, 1853, and I have since known nothing of its affairs whatever. I know that all of the money placed in the Bank by Mr. Breslin, while I held an interest there, was repaid to him some time before I left it. I do not know that he has ever made any deposit there since. I am of the impression that he has not.

Ques. Did you or any other person borrow of him, while State Treasurer, any money? If so, state what amount, and how it was applied?

Ans. I did not borrow from said Breslin, while State Treasurer, nor at any other time, any money whatever, nor do I know of any person who did.

Ques. Did you receive any money from any other person, with the understanding that it came from him, or from the State Treasury? If so, what became of it, how it was applied, and the amount thereof?

Ans. I did not.

Ques. Had he, or has he now, any interest in any banking institution or broker's office in this or any other State, or in speculations of any kind? If so, state what, how much money he invested, the time of such investment, the name of such banking institution or broker's office, the place of such institution, and what became of the money so invested?

Ans. I cannot state whether the said Breslin has any interest in any banking institution or broker's office, or in speculations of any kind. I possess no knowledge on that subject, and can give no information relating thereto.

Ques. Had you any such transactions with William H. Gibson, while Treasurer of State? If so, state fully their character, the amount of money advanced by him, how applied, and what became of it?

Ans. I never had any such transactions with W. H. Gibson. I neither personally, nor in any other way, have had any dealings with him, of a pecuniary or any other character, since he was elected State Treasurer.

Ques. Did you or any other person borrow any money of him, or receive of any other person any money, with the understanding, express or implied, that it came from him? If yea, state the amount, how it was applied, and what became of it?

Ans. Neither myself, nor any other person, to my knowledge, ever borrowed of said Gibson, or received from any other person, any money, with the understanding, express or implied, that it came from him.

Ques. Had he, or has he now, any interest in any banking institution, broker's office, or speculation of any kind? If so, state what, how much he invested, the time of such investment, and what became of the money?

Ans. I have no knowledge of any such interest.

Ques. Do you know of any illegal or unauthorized application of the funds of the State, while either of the above named persons were Treasurer of State?

Ans. I do not. O. BOWEN.

State of Ohio, Marion county, ss:

Sworn to by O. Bowen, before me, and subscribed by him in my presence, this 29th of July, A. D. 1857. JAS. H. ANDERSON,
Notary Public.

LETTER TO HON. O. BOWEN.—(Not Answered.)

Columbus, July 31, 1857.

Hon. O. Bowen—

Dear Sir: Your note of the 29th inst., covering your answers to the interrogatories proposed in our letter of the 3d inst., is received. We do not consider your answer to our fourth interrogatory as full and satisfactory, and therefore submit its substance anew in the following forms, and request your answer thereto at as early a day as possible:

1. *Had* Mr. Breslin, while Treasurer of State, or since, any interest in any Bank, Banking institution, or Brokers office in this or any other State, or in any speculation of any kind in this or any other State. If yes, state fully all the particulars: What was his interest? How much money did he advance? How much money was invested? the time of such investment? the name of such Banking institution or Broker's office? the place of such institution, and what became of such investment?

2. *Had he at any time*, or has he now, any interest in the Central Bank of Indiana, or in the Jasper County Bank, Ind., or in any other of the State of Indiana?

3. Was anything paid to Mr. Breslin in consideration of his deposits by the Bank of Marion, or by any of its officers, and if so, what amount was so paid him?

Yours respectfully,
F. M. WRIGHT, Auditor of State.
THOS. SPARROW, Commissioner.

DEPOSITION OF GEORGE B. WRIGHT.

Ques. Are you Receiver of the Sandusky, Mansfield & Newark Railroad Company?

Ans. I am.

Ques. Please state in full what you know about a claim against said Company, held by John G. Breslin, late Treasurer of State?

Ans. I was appointed Receiver of the Sandusky, Mansfield & Newark Railroad Company in July, 1856. My particular duty as Receiver was to settle the floating debt then and before that time existing against said Company. In making an inventory of the liabilities of the Company, I found a claim of $20,000, consisting of four bills of $5,000 each, dated in the summer of 1854, payable to Charles T. Sherman, Trustee. On one of the bills a payment of $3,000 had been made in the fall of 1854. The balance of all the bills had been put in judgment in Erie county Common Pleas, in favor of C. T. Sherman, Trustee, for about $17,600.

Soon after my appointment as Receiver, I learned that Sherman was Trustee for John G. Breslin, and that my negotiations for the settlement of the claim would have to be with Breslin.

I had two or three interviews with Breslin about the settlement of the claim, and finally agreed with him upon the terms of settlement, which was to give him $8,500 in domestic bonds of the S. M. & N. R. R. Co., (as re-organized) which bonds were payable in 1858, 1859, 1860, and 1861, in about equal proportions.

The terms of settlement were agreed upon with Breslin, and the bonds delivered to him, but the receipt and discharge of the claim was by C. T. Sherman, the Trustee.

Ques. What have you heard Mr. Breslin say in regard to this claim?

Ans. In one interview with Mr. Breslin in regard to the claim, he expressed great dissatisfaction at the terms of payment proposed—said it was a debt of honor, and that it was hard for him to lose it.

He said the indorsers of the paper—John G. Camp and John R. Robinson—ought to make up what the Company did not pay; and once in my presence appealed to Mr. Camp to know if *he* could not do something as indorser—that it was a debt of honor, and he ought not to lose it.

GEO. B. WRIGHT.

Sworn to and subscribed before me this 1st day of August, 1857.

F. M. WRIGHT, Auditor of State.

DEPOSITION OF WM. SCHOULER.

Have you had any conversation with Mr. Breslin, late Treasurer of State, relative to the late defalcation? If so, state the circumstances under which it occurred, and substance of that conversation.

Ans. I had two conversations with Mr. Breslin since the exposure of the defalcation in June. The circumstances under which the first occurred were as follows: On the evening on which the "indignation meeting" was held in this city, I was in Mr. Follett's room in the Neil House. While there Mr. Borland, Mr. Breslin's father-in-law, came in, and informed me that Mr. Breslin would like to see me at his house that night. I went there about nine o'clock, and saw him. He conversed for an hour or two in relation to the late defalcation. He expressed his regret at the course things had taken, and at the attacks which had been made upon Mr. Gibson. I told him that the people felt indignant, and were anxious to know especially where the money was, and what had became of it; and I urged him to disclose the facts in relation to it. He said in substance, that it would do

no good, and that he could not make the disclosure without involving the character of others, and the happiness of their families, and that he would not do. He said that when he came into office, a great many men came to him from Cincinnati and other places, to induce him to take from the Trust Company, and other "whig" banks, the deposits of the State, and to place them in others which were more favorable to the Democratic party; among others he named Wash. Cones, and others of Cincinnati. The pressure upon him was very great, and at length he consented. He also told me of an arrangement which he made to aid the Kanawha Bank, and also to aid Cone's Bank in Cincinnati. The particulars I do not remember. He said that the fault was his, and he would have to bear the responsibility.

Shortly after this, say a week, I was again requested to call and see Mr. Breslin at his house. I called upon him and had a long interview. The conversation was for the most part general. He was anxious to know whether, in my opinion, the grand jury would find bills against him and Gibson. I said that I thought they would. He said he did not care so much for a civil prosecution, but he should regret a criminal indictment and trial. He expressed much regret at the attacks made by the press of his party upon Mr. Gibson. He said "it was too bad;" "for," said he, "if Gibson is to blame one part in a hundred in regard to this matter, I (Breslin) am to blame ninety-nine parts in a hundred." He said that Gibson's statement was true in regard to the defalcation. He then recurred again to the grand jury, and the probability of their finding bills against them. Mr. Gibson was at that time in New York with Auditor Wright, to see about the Seneca Bank bonds. Mr. Breslin wished me to write to Mr. Gibson to have him to stay away from Ohio until the grand jury should report. I never wrote to Mr. Gibson, or any one else, in regard to the matter, and never spoke of this matter to any one until within the last two days.

Two days before I left with my family for the East, say about the 28th of June, I again received a message from Mr. Breslin to call and see him. I did not call, and have never seen him from the night I parted with him after our second interview. On my return from the East, on the 18th inst., I learned that indictments had been found against both parties, and that Breslin had absconded.

Ques. You have stated, in substance, that Breslin told you that he had made certain arrangements in regard to Banks, the particulars of which you do not remember. Please state the substance of what he said in regard to his arrangements with Banks, and especially anything he may have said in regard to the investment of money in any shape?

Ans. In answer to the above, I will say that Mr. Breslin made no reference to any arrangements he had made with Banks, with the exception of the Kanawha Bank, and Wash. Cones' Bank, in Cincinnati, the exact particulars of which I do not remember distinctly, further than that he did loan to the Bank at Kanawha, either in money or in notes, the sum of $20,000, which, subsequently, he withdrew, and the State lost nothing by the transaction. He said he was induced to make a depositary of Wash. Cones' Bank, from representations made to him by Cones and others of Cincinnati, and, as I understood him, from the fact that the Treasurer of Hamilton county deposited in Cones' Bank. Mr. Gibson never spoke to me, nor I to him, in regard to Banks in which the public money was deposited.

WM. SCHOULER.

Sworn to and subscribed before me this 16th day of Aug. 1857.

F. M. WRIGHT, Auditor of State.

DEPOSITION OF O. FOLLETT.

Ques. Have you had any conversation with John G. Breslin, late Treasurer of State, relative to the deficit in the funds of the treasury? If so, state the circumstances under which it occurred, and what he said to you upon the subject.

Ans. I was absent from Columbus on a business visit to Buffalo, when the disclosures in relation to the treasury deficit were made. On my return, a few days thereafter, I had an interview with Mr. Breslin at his house. This interview was sought by Mr. Breslin, and after the appointment was made I communicated the fact to Gov. Chase and Mr. Treasurer Stone, who on learning my motive for accepting the appointment, advised the keeping of it. At this interview, in answer to my recommendation to make "a clean breast of it"—the general state of the public feeling was discussed, Mr. B. expressing the opinion that the minds of people were prejudiced against him, and that they would not patiently listen to his statements. I combatted this opinion by saying the public mind was excited—deeply excited—not yet prejudiced; but that this excitement would beget prejudice unless it had reliable facts to feed on in its intense anxiety to know what had become of the public money.

Mr. B. affected to attach importance to my opinions, and I proceeded to test the sincerity of this profession by recommending that there should be no loss of time on the part of Mr. Gibson and himself in meeting and uniting in a statement of facts disclosing the whole process of appropriation, let the blow fall where it might, regardless of party or persons. I enforced this recommendation by such arguments and appeals as the subject naturally suggested, alluding to his family relations, his obligations to the State, &c. I drew his attention to the fact, that he could not hide from the world the full amount of his official delinquency, and it depended on himself how low his offence should sink him morally. To an extended appeal in this direction he replied by stating a case: "Suppose (said Mr. B.)—suppose—(mind, I do not say it is so)—but suppose that individuals may have been concerned with me in the use of this money, whose position in society, or whose business might be injured or destroyed by the revelations you advise me to make—what then should I do?" My reply in substance was, that he should place his duty to his wife, his daughter, his family friends, his obligations to the State, his official oath, in one side of the scale, and in the other, his obligations to these men; and if the latter outweighed the former, his course was a plain one. To all this his answer was, "I will think of it." After a few general remarks our interview ended, and I have not seen Mr. B. since.

It is proper to add that during our interview the manner of Mr. Breslin was kind and impressive, and that his appearance was calculated to convey the idea of deep suffering. I warned him from time to time, not to make any disclosures to me that I might not repeat to the first person I should encounter after leaving his house; that my position did not point me out as the proper person to receive his confidential revelations; that we had always been politically opposed, and that there were others much better fitted to stand between him an an offended public as the endorser of any statement he might make, &c. Though our interview was free from restraint—I might add pleasant, so far as such an interview could be—I felt on leaving that no great benefit to the public would arise from it.

O. FOLLETT.

Sworn to and subscribed before me, this 31st day of July, 1857.

F. M. WRIGHT, Auditor of State.

DEPOSITION OF E. P STICKNEY.

Ques. Have you had any conversation with John G. Breslin, late Treasurer of State, in regard to the deficit in the funds of the State?

Ans. I have asked him some questions in relation to the matter, but he declined answering.

Ques. Has he said anything to you relative to the statements of Mr. Gibson upon that subject, and if so, what?

Ans. I do not recollect anything, except he remarked that he was surprised to see Gibson's statements, for he thought he talked too much.

Ques. Did he say anything about the truth or falsehood of Gibson's statements?

Ans. He did not.

Ques. State the substance of your conversation with Mr. Breslin?

Ans. I called on Mr. Breslin soon after I heard of the deficit, for the purpose of ascertaining the probabilities of my being in any way liable as his surety. He told me that he intended to protect his bondsmen if possible, that he had been advised that he would be prosecuted criminally, and that if that should be the case it might so cripple him that he could not help himself. But if he was allowed time and liberty to turn himself, he thought he would be able to secure the State if he owed them any balance, but that his person they should never have, under any circumstances—he declined any direct conversation as I have before stated.

Ques. Have you any knowledge or information from Mr. Breslin or any other person in regard to any loans or investments made by him while Treasurer of State or since?

Ans. I have not.

Ques. Do you know or have you any reason to think that any person has made any investments in any stocks or lands in this or any other State, or made any loans to any person or corporation, for said Breslin?

Ans. I do not know and have no reason to think that any person has made any investments for Breslin (except a rumor that Michael Sullivant had entered 800 acres of land in Illinois for Breslin,) or loans to any person or corporation.

E. T. STICKNEY.

Sworn to and subscribed before me, this 22nd day of July, 1857.

F. M. WRIGHT, Auditor of State.

LETTER FROM SIMON PERKINS.

OFFICE CLEVELAND, ZANESVILLE & CINCINNATI RAILROAD,
AKRON, OHIO, August 3rd, 1857.

Gentlemen:—In answer to yours of the 30th ult., proposing interrogatories to me; I answer; I am President of the Cleveland, Zanesville & Cincinnati Railroad Company. I am not able to state the origin of the indebtedness of this company to John G. Breslin. When the company became seriously embarrassed in 1854, and it became necessary for me to inquire particularly into its condition, I learned that Mr. Breslin held drafts of J. W. McMillen, Treasurer, upon Atwood, Dunlevy & Co. of New York, and endorsed J. W. McMillen, Cashier for $42,500, on which had been paid $14,650.

On the 13th of December, 1856, I settled the account with Mr. Breslin and found due him on the 1st of November, 1854, $28,549 88, and paid him in the bonds of the company at par $28,500, dated November 1, 1854, and payable November 1, 1869, interest at 7 per cent. semi-annually; also, for the balance of $49,88, a note of hand of the company dated December 13, 1856, with interest from November 1st, 1854.

The above gives the history of the transaction so far as I have any knowledge; if you should think it necessary that it be sworn to, please notify me.

Your obedient servant,

SIMON PERKINS.

To Messrs. F. M. WRIGHT, Auditor of State, and THOS. SPARROW, Esq., Commis.

DEPOSITION OF B. E. SMITH.

Ques. Are the statements furnished by Mr. Gibson to the joint committee, of the amounts of the public funds in the hands of Bartlitt & Smith, on the 14th and 28th of March, the 1st and 15th of November, and the 15th of December, correct?

Ans. In his statements of the 14th of March, and November 1st and 15th, the dates of the certificates not being given, our books do not furnish the means of determining. His statements of the amounts due from us on the 28th of March and 15th of December, are correct, or nearly so.

Ques. Did you ever loan him any certificates of deposit or money?

Ans. No; except that occasionally he has over-checked his account.

Ques. Had he, while Treasurer of State, any interest in bank, banking institutions or broker's office in this or any other State, or did he make any investments in lands or stock?

Ans. He did not, to my knowledge.

Ques. Had Mr. Breslin while Treasurer of State, or has he since had, any interest in bank, banking institutions or broker's office in this or any other State? If so, state the amount of his interest, the name of such bank or broker's office.

Ans. I understand that he purchased some interest in the Cumberland Savings Bank of Maryland, some time last year, which amounted, I believe, to about $16,000. He has no interest in any other bank, to my knowledge.

Ques. Had Mr. Breslin or has he now any interest in the Greensboro' Bank of Maryland?

Ans. He has not, to my knowledge.

B. E. SMITH.

Sworn to and subscribed before me, this 14th day of August, 1857.

F. M. WRIGHT, Auditor of State.

DEPOSITION OF W. G. DESHLER.

Ques. In a statement furnished by Mr. Gibson to the chairman of the Finance committee on March 14, 1856, he states that he held certificates of deposit on the Clinton Bank for $113,638. Is that statement true?

Ans. It is my impression that the bank owed the Treasurer the amount stated, but whether in the shape of certificates or not, I cannot state.

Ques. If not in certificates, in what shape was the indebtedness?

Ans. The indebtedness, in all probability, consisted of certificates of deposit, checks of other parties upon us held by him at the time, time drafts and balance on bank account.

Ques. He states that on the 28th of March, 1856, he held a draft of the Clinton Bank on Atwood & Co.; for $60,000. Is that statement true and was the draft genuine?

Ans. I think he held a genuine evidence of debt against us for that amount, but whether it was in a draft or drafts, I do not remember.

Ques. Did you ever give Mr. Gibson any certificates of deposit or drafts which were returned to you; and why?

Ans. Yes. The certificates were payable on their return. I think I have changed drafts with him, by giving smaller for larger ones, and paying the difference by giving him canal checks or warrants, or passing it to his credit on account current.

Ques. Did Mr. Gibson, at any time, borrow any money of you or of the bank?

Ans. No; but I have frequently held checks over at the request of his chief clerk, the amount however never exceeded $8,000 at one time.

Ques. Did Mr. Breslin deposit in the Clinton Bank?

Ans. He did during the greater portion of the time he held the office of Treasurer of State.

Ques. Did he ever borrow money of you, or of the bank?

Ans. He did not; but I have frequently held over checks or warrants at his request for various amounts. I remember holding one check for $50,000 for 15 days before it was finally paid.

Ques. When was this draft for $50,000 presented for payment, and what reason was assigned for not paying it on presentation?

Ans. It was presented, I think, on the 12th of October, 1855. Mr. Breslin requested me to hold it, stating that he was short of funds at that time, but that he would pay it within a week or thereabouts; to which I agreed, on condition that he would pay one half within a day or two. He paid me $18,500 on the 13th, on the 16th, $15,500; on the 23d, $13,100; and on the 24th, $2,900; between the 16th and 23d, I called two or three times, without receiving any funds from him. His answer, on one occasion, was that he had been disappointed in receiving some money which he expected.

Ques. In what were these payments made?

Ans. In checks and certificates on various banks and brokers in different parts of the State.

Ques. What were the dates of these certificates and checks? Were they recent or not?

Ans. They were all of recent date, and most of them of a date subsequent to my draft, and were apparently the daily receipts of the office and paid to me as they accumulated.

Ques. Were you ever requested by Mr. Breslin or Mr. Gibson, to receive and make bankable the circulation of any foreign banks? If so, state what banks, when the request was made, and the reason assigned for making it?

Ans. I was never requested by Mr. Gibson to do so. Mr. Breslin requested me to receive and make bankable the circulation of two or more of the Free Indiana Stock Banks. I remember the name of the Elkhart County Bank as one of them. Of the paper of this bank, Mr. Breslin took up from me a few hundred

dollars when the bank failed. The same request was made in behalf of two Maryland banks, which were, I think, a bank at Greensboro, and the Cumberland Savings Institution.

Ques. When was your attention first called to the crippled condition of the Treasury?

Ans. For some time previous to the presentation of the draft of $50,000, heretofore mentioned, I noticed that the Treasury did not pay the drafts and warrants which I held with the same promptness it had previously done.

Ques. Has this state of things continued through the administration of Mr. Gibson?

Ans. It has. Whenever I have inquired the reason of it, the clerk has informed me that the Treasurer was absent and had the key to the inside vault where the reserved funds are supposed to be kept, and that he was not furnished with sufficient money to meet his daily payments with ease.

The above has been the case with both Breslin and Gibson.

Ques. Did this state of things exist during Mr. Bliss' term of office?

Ans. No.

Ques. What was the state of the bank account with Mr. Breslin at the time he retired?

Ans. It was overdrawn. He had given checks to different parties, which he requested me to pay on presentation, under promise of making the account good in a few days. After some time, upon my requesting him to pay up the overdraft, he did not do it, assigning as a reason that he had not the money. I finally got his note for $750, the balance having been paid. The note was paid February 5, 1857, by a time check on Bartlitt & Smith, which was due and paid in May last.

Ques. What was the original amount of this overdraft?

Ans. About $1,000.

Ques. Have you not frequently given him your drafts in exchange for the drafts of banks and brokers in other parts of the State? and if so, what were the reasons of such exchange?

Ans. I have frequently made the exchange at his request. The reason assigned by him was, that he did not wish the Transfer Agent at New York to know that he was dealing with these parties. My reason for doing it was, that I was getting the use of money without interest, by giving time drafts which had longer to run than those he gave me.

Ques. What were the names of the banks or brokers whose drafts he gave in exchange for yours?

Ans. Seneca County Bank, and Tomb, Huss & Co., at Tiffin, the City Bank of Cincinnati, Sandusky City Bank, S. W. Torrey & Co., Cincinnati, Central Bank of Indianapolis, Indiana, Bartlitt & Smith; Breslin's own checks on Sturges & Ellis, of New York, and various others which I do not now remember.

W. G. DESHLER.

Sworn to and subscribed before me, this 24th of July, 1857.

F. M. WRIGHT, Auditor of State.

DEPOSITION OF C. BRETZ.

Ques. Were you a clerk in the Treasury office during the term of Mr. Breslin's administration?

Ans. I was a clerk, or so recognized, up to the expiration of his term of office, but was not in the office after the 24th December, 1855.

Ques. Do you know of Mr. Breslin making any investments of the public moneys, loaning them to any individual or corporation, or applying them to private purposes or speculations during the time he was Treasurer, or afterwards?

Ans. I do not.

Ques. Do you know that he had any interest in the Greensboro Bank of Maryland, or any other banking institution of this or any other State?

Ans. My information or knowledge upon this subject was derived from conversations and correspondence with Mr. Breslin. He spoke to me some time in October or November, 1855, stating that THEY had bought a bank in Maryland, and wished me to go and take charge of it. I had made partial arrangements for another situation; he asked me to postpone concluding them until it had been determined what they would do.

I went to Greensboro in December, and returned again in January, 1856, and reported the condition of the bank to him. He remarked that it had been badly managed. The people of Greensboro having petitioned for a repeal of the charter, and the Legislature of Maryland having appointed a committee upon the subject during my absence, at the instance of Breslin and Mr. Smith I returned for the purpose of meeting the committee.

After the adjournment of the Maryland Legislature, I sent Mr. Breslin a statement of the expenses incurred in contesting the petition for the repeal of the charter. I received a letter from him instructing me to curtail the expenses as much as possible—that all the expense up to that time was his loss.

Subsequently he visited Greensboro, and found fault with some loans which I had made to citizens of Greensboro, and which had not been paid; stating that he would be damned if he would bring his money there to be loaned to men who would not pay, and directed me to discount only upon acceptances, on short time, on Baltimore, Philadelphia or New York.

Ques. What was the amount of the expenses incurred in contesting the petition for a repeal of the charter, which Breslin said would be his loss?

Ans. About ten thousand dollars.

Ques. Do you know of Mr. Breslin having any interest in any other bank in Maryland?

Ans. Capt. Schley, of Cumberland, informed me during the summer of 1856 that he had procured, for Mr. Breslin, the capital stock of the Cumberland Savings Bank. Several times subsequent to this, Breslin stated to me that the bank was doing a good business and getting along without trouble, and on one occasion showed me the weekly statement of the Cashier.

C. BRETZ.

Sworn to and subscribed before me this 28th day of July, 1857.

F. M. WRIGHT, Auditor of State.

DEPOSITION OF JOSEPH G. YOUNG.

Ques. Please state your occupation and residence?

Ans. I am Cashier of the Piqua Branch Bank, and reside at Piqua.

Ques. Have you had any pecuniary transactions with Jno. G. Breslin or Wm. H. Gibson, while they were Treasurers of State; and if so, what?

Ans. I have. It consisted of receipt of tolls and deposit of money belonging to the State.

Ques. What was the state of the account between the bank and Treasurer on the 1st Nov., 1856?

Ans. I cannot state exactly, but the balance must have been small.

Ques. On the 1st Nov., 1856, was there a balance of $34,173 in the bank to the credit of the State, as stated by Gibson on page 53 of the report of Joint Committee of the General Assembly?

Ans. There was not. The balance was $4,341 93.

Ques. On the same page of the report referred to, Mr. Gibson states the amount in the Piqua Branch Bank, on the 15th Nov., 1856, to be $32,924 14; is that amount correct? Was there such sum in the bank to the credit of the State?

Ans. There was no such sum in the bank to the credit of the State. The amount was $4,474 38.

Ques. Are the balances due the State in the bank correctly stated on page 54 of said report, on the 15th Dec., 1856, and how did they originate?

Ans. The certificate of deposit for $28,400 is correct, and was predicated upon the Auditor's drafts upon County Treasurers sent to the bank for collection. The balance of $2,433 15 on account is, I believe, correct.

J. G. YOUNG.

Sworn to and subscribed before me this 9th day of July, 1857.

F. M. WRIGHT, Auditor of State.

DEPOSITION OF O. P. HINES.

Ques. What was your occupation in the year 1855?

Ans. I was Treasurer of Franklin county, and had been three years previous.

Ques. Did you receive a circular from the Treasurer of State in the fall of that year, calling upon you to advance the amount of taxes due the State, and what amount?

Ans. I received such circular and the amount called for was $20,000.

Ques. Did Mr. Breslin call upon you after the receipt of the circular, and what was the object of his visit and his conversation?

Answer. My clerks informed me that he had called twice, and that he wished to see me relative to the payment of the $20,000, but I did not see him.

Ques. State all the circumstances in regard to the payment of the $20,000?

Ans. On the morning of the 20th Dec., 1855, I gave one of my clerks a check for $20,000, and directed him to take it to the Auditor of State and if he would certify it into the Treasury to pay it to the Treasurer; if he would not certify it, to return the check to me. Mr. Morgan refused to certify it, and my clerk returned the check to me. On the next day I took the check to the Auditor, and made the request that he would certify the amount into the Treasury; but he declined, and informed me that the law provided for the payment of money into the Treasury directly, and that there would be no risk in doing so now—and I accordingly paid it and took a certificate from the Treasurer of State.

Ques. Had you ever asked the Auditor to certify money into the Treasury under like circumstances before?

Ans. Never.

Ques. What were your reasons for asking it in this instance?

Ans. The reasons which influenced me and which I assigned to Mr. Morgan at the time were—1st, Mr. Breslin would be out of office at my annual settlement with the State; and 2d, I had heard rumors which inclined me to think he would be a defaulter, and I desired to have no difficulty in my settlement.

O. P. HINES.

Sworn to and subscribed before me this 30th day of July, 1857.

F. M. WRIGHT, Auditor of State.

DEPOSITION OF DANIEL BECKEL.

COLUMBUS, OHIO, July 2, 1857.

DANIEL BECKEL, ESQ.—*Dear Sir:* The undersigned are engaged, under the acts of 1856 and 1857, in examining the books and vouchers of the State Treasury, and in inquiring into an alleged defalcation in the funds of the State, and respectfully request your answer to the following interrogatories:

1. Were you interested with John G. Breslin, while he was Treasurer of State, in any pecuniary transactions? If so, state their character; how much he invested; the time of investment, and where he procured the money so invested?

2. Had Mr. Breslin any interest with you or other persons in any banking institution in this or any other State? If so, state the nature of his interest, how much he invested; the time of the investment; where he procured the money, and whether he sustained any losses in these transactions.

3. Was William H. Gibson, while Treasurer of State, interested in any such transactions with you or others? If so, when; how much was invested; where did he obtain the money, and did he meet with any losses?

4. Do you know of any unauthorized employment of the funds of the State by either of the parties above named, or by any other person under their direction or employment?

Please forward your answers to the above interrogatories, duly sworn to, at your earliest convenience.

Very respectfully,

F. M. WRIGHT, *Auditor,*
THOS. SPARROW, *Com'r.*

Answer to question 1. No. Mr. Breslin deposited money with me as a banker, which I supposed belonged to the State, as some of it I knew had been collected for State dues.

Answer to question 2. I commenced banking in Indiana with an understanding that Mr. Breslin would take an interest. It proved a losing business, and Mr. Breslin refused to take any part in it. He never put any money in those banks or sustained any loss. I know nothing of his transactions with other persons.

Answer to question 3. I was not interested in any transaction with Mr. Gibson; and know nothing of his transactions with others.

Answer to question 4. I know of no unauthorized employment of the funds of the State by either of the parties above named or their agents.

DANIEL BECKEL.

The State of Ohio, Montgomery County, ss:

Before the undersigned, a Notary Public in and for said county, personally appeared Daniel Beckel, and made solemn oath that the foregoing statements by him subscribed are true as he verily believes.

In witness whereof I have hereunto set my hand and official seal this 13th of July, A. D. 1857.

GEO. M. YOUNG,
Notary Public, Montgomery Co., Ohio.

DEPOSITION OF CHARLES L. JOHNSON.

Ques. How long have you known Wm. H. Gibson, and are you acquainted with his pecuniary resources? If so, state what he was worth when he took the office of State Treasurer?

Ans. I have known him since 1842 or 1843, but know nothing of his means. I should not think he was worth $30,000 at that time, but may have been worth more.

Ques. Has he made any investments or purchases of any kind since that time, and to what amounts?

Ans. I know of no other transactions nor any larger ones than he was accustomed to make before his election.

Ques. What is Mr. Gibson now worth?

Ans. I do not know.

Ques. Did the Seneca County Bank or you pay Mr. Gibson any thing in consideration of his deposits, or other favors to the bank or yourself as its cashier?

Ans. The bank and myself gave Mr. Gibson about $5,000 for favors and services rendered the bank and myself individually; it is due to Mr. Gibson to add that there never was any agreement or understanding as to what should be paid him, nor that any thing should be paid him. The payment made was intended to compensate him for his services in purchasing the bank, and other services rendered the bank in its business, both before and since his election to the office of Treasurer of State, as well as in consideration of benefits to the bank derived from the Treasury; the payment above mentioned was made to him since his resignation as Treasurer; it was made voluntarily on my part, and without his making any demand, and without any discussion between us, as to the particulars of his services, or how much was for services rendered before or since his election as Treasurer, or as to how much was for his personal services, irrespective of his office, or how much, if any thing, was for benefits drawn from the Treasury. $1,500 of the sum paid was paid by me for services rendered by him to me in nowise connected with the Treasury or its funds; the balance of the amount paid I should not deem too much for his services to the bank, before and after his election as Treasurer, without reference to any benefit derived to the bank in anywise from the State Treasury.

Ques. Are you one of Mr. Gibson's sureties? and has he made any conveyance of property, real and personal, in trust or otherwise, for the purpose of securing his sureties—if so, what and to what amount?

Ans. I am one of his sureties—I know of no conveyance made for the benefit of his sureties. There is a rumor that such is the case, but I know nothing about the matter.

Ques. Were you one of Mr. Breslin's sureties?

Ans. I was not.

Ques. Did you borrow any money of Mr. Breslin, while State Treasurer, what amount, and in what currency was the loan paid you, and at what time?

Ans. I applied to Mr. Breslin for a loan of $25,000. He said he thought he could procure me the loan through Bartlitt & Smith, if I could use the circulation of the Greensboro Bank of Maryland. I told him I could use it, and he subsequently handed me the money, and I executed a note payable, I think, to Breslin or bearer, in the paper of the same bank. This occurred some time in the fall of 1854.

Ques. Do you know of any instance in which Mr. Breslin has applied the public funds to private purposes?

Ans. I do not.

Ques. Do you know of any instance in which Mr. Gibson has applied the public funds to private purposes?

Ans. I do not.

Ques. Have you borrowed any money of Mr. Gibson, while he was State Treasurer?

Ans. Not to my knowledge.

CHAS. L. JOHNSON.

Sworn to and subscribed before me this 16th day of July, 1857.

F. M. WRIGHT, *Auditor of State.*

DEPOSITION OF HENRY WILSON.

Ques. Were you Clerk in the State Treasury under John G. Breslin, and how long?

Ans. Yes. From the spring of 1854, and until Mr. Breslin's term expired.

Ques. Were you present at the transfer of the office to Mr. Gibson?

Ans. No. I was confined to my house by sickness.

Ques. Do you know whether Mr. Breslin ever loaned the money of the State to individuals or corporations, or applied it to his private purposes or speculations?

Ans. I do not know of any of Mr. Breslin's transactions aside from the *bona fide* official business of the Treasury office. I was not, at any time during my official connection with the Treasury, taken into Mr. Breslin's private confidence. I was the confidential correspondent of the *office*, yet I never opened a letter or communication; the letters and documents were always opened by the Treasurer and handed to me for entry or reply. In his absence, all letters or communications were kept unopened until his return.

HENRY WILSON.

Sworn to and subscribed before me this 3d day of August, 1857.

F. M. WRIGHT, *Auditor of State.*

DEPOSITION OF WILLIAM A. HERSHISER,

Ques. Were you Chief Clerk in the Treasury Department under Mr. Gibson, and if so, how long?

Ans. I was, from the commencement of his term of office until he resigned, on the 13th June last.

Ques. Do you know whether Mr. Gibson ever applied any portion of the public funds to his private purposes, or speculation, or whether he ever loaned any portion to any individuals or corporations?

Ans. I do not know.

Ques. Had you the means of knowing the amount of funds in the Treasury at any time during your clerkship?

Ans. I never did know, nor had I the means of knowing. I had not access to the inner vault of the safe where the funds were kept. Mr. Gibson always carried the key to that vault, and when he left home gave me what he supposed would be sufficient to meet the demands on the Treasury during his absence, or authorized me to draw on the banks, or both.

Ques. Were you authorized to open the letters addressed to Mr. Gibson?

Ans. I was authorized to open all except private letters.

Ques. During Mr. Gibson's absence, did you ever borrow any money to meet the demands on the Treasury?

Ans. The funds left me by Mr. Gibson were frequently exhausted before his return. To meet the demands on the Treasury, I over checked his deposits in the banks, and sometimes obtained advances or loans from banks with which Mr. Gibson did not deposit. These advances or loans I would replace as soon as the funds came into the Treasury, which was sometimes before and sometimes not until after his return.

Ques. From what banks did you obtain these loans?

Ans. The Franklin Bank, and Exchange Bank of Columbus.

Ques. Did the Treasury ever appear to be short of funds while Mr. Gibson was at home?

Ans. The Treasury was occasionally short of funds with which to meet its liabilities, but Mr. Gibson always appeared to have resources at his command with which to relieve himself from embarrassment.

Ques. Did Mr. Gibson ever say anything to you about the condition of the Treasury?

Ans. He never did.

W. A. HERSHISER.

Sworn to and subscribed before me this 17th day of August, 1857.

F. M. WRIGHT, *Auditor of State.*

THE TREASURY DEFALCATION.

THE INVESTIGATING COMMITTEE INVESTIGATED.

From the Ohio State Journal, Wednesday, March 23, 1859.

Since the able report of the committee of investigation into the defalcation of the state treasury, which was so full and minute in exposing what was previously public; so careful in covering up what the people wanted to know, and so prolific in suspicions and charges to throw the public on a false scent as to what yet remained concealed, we have instituted an investigation into the archives of the State to see if it was possible that a deficiency of near three quarters of a million could be carried along by Breslin through the greater part of his term, without being known to Auditor Morgan and Transfer Agent Edgerton. We think it will not be denied by any that, if it is proved that Morgan and Edgerton were aware of the defalcation of Breslin, and instead of exposing it, resorted to improper and illegal means to cover it up, their official integrity is so much implicated in the transaction that it was a brazen fraud upon the State for them to assume to investigate it.

No one can deny that, if this proof is made, any investigation that these men would undertake could be nothing but a dishonorable conspiracy to cover up the transactions by which the State has been robbed, in order to hide their own implication in it; and that it is an insult to the popular intelligence to offer the report of accessories to the defalcation as a fair and impartial investigation of it. On the supposition we have made, all parties will admit so much. Furthermore, if we prove beyond any question that Morgan and Edgerton knew that, while the accounts of both Auditor and Treasurer showed a balance of over half a million in the treasury, there was not a dollar there, and the credit of the State could only be maintained in the payment of interest by their illegal use of the securities in the sinking fund, how can they escape the conclusions in their report, by which they seek to implicate Mr. Gibson in all the defalcation of Breslin, because he assisted him to cover it up? Do they not by their own logic place themselves in the same catagory with Gibson, that is, Gibson as they represent him, accessory to the whole defalcation? We see not how this conclusion can be denied by the gentlemen themselves.

These men have laid themselves open to severe animadversion on their official conduct, by the baseness, malignity and utter disregard of justice with which they have used an official position which they accepted for dishonorable purposes to asperse the character of every man of the opposite party whose name they could possibly drag into the report, either by remote and innocent connection with some of Breslin's business operations, or by their own unfounded suspicions, but in our comments we will not imitate their course; we shall state nothing that we shall not sustain by incontrovertible evidence, taken from official documents, and from the correspondence of the officers of State, now on file in the proper departments.

We shall prove beyond any question that Morgan, Edgerton, and all the executive officers of the State knew as early as November, 1854, that there was a deficit in the treasury of over half a million. We shall dispose of Morgan's subterfuge by which he attempts to charge his ignorance of the matter on his own imperfect system of book-keeping, by showing that he knew this defalcation at the very time, when, in discharge of his sworn duty, he reported to the legislature that there was a balance in the treasury of $584,680.

We shall prove that at this very time he was illegally converting the sinking fund set apart, for redemption of the state debt, into money to pay $433,483, being less by $151,297 than he had just stated to be in the treasury.

We shall prove that during the whole of Bres-

lin's last term, while Auditor Morgan was officially reporting the treasury to be overflowing, and when the balance could not at any time honestly be reduced below half a million, the payments of interest on the public debt, were only made by the most desperate "shinning" and by the illegal use of the funds placed in their—not Breslin's—trust, and required by law to be held sacred for the redemption of the State bonds; and that these gentlemen who so pathetically state in their report how "their cheeks tingle with shame, when they think of $2,400,000 of our good State's securities abandoned to the Hawk and Buzzard of the stock market, and men, dealing in millions, and yet not worth as many pennies, were enabled to finger our State stocks, to hypothecate them for loans, and to dicker and traffic in them—tarnishing by their course the fair fame of our State and injuring its creditors," were themselves for years shinning among the hawks and buzzards of the stock market, hypothecating "our good State's securities" and dishonoring the credit of the "good State" by the most desperate financial make shifts to cover up a defalcation in the treasury.

We shall prove that in June, 1855, the same announcement was made by Breslin to Auditor Morgan, that was made by Gibson to Auditor Wright in June, 1857—that he was utterly unable to meet the July interest, and that Morgan at once proceeded to cover up the defalcation, by forwarding the securities which he held as fund commissioner for the redemption of the public debt, to Edgerton for hypothecation to raise money to meet the interest. The people will probably contrast this with the course taken by the republican executive officers in a similar case, in forcing Mr. Gibson to give up the keys of the treasury at once.

We shall show that during all these troubles the reports of the treasurer, auditor, and fund commissioners constantly concealed them from the public, and represented the financial affairs of the state as in the most favorable condition.

What could have induced these men to violate the law, harrass themselves by these desperate shifts for years, and peril their own reputation, to cover up a defalcation of the treasurer?—What, according to their own course of reasoning in making other parties accessory to Breslin's defalcation, is the unavoidable conclusion in their case?

We forbear comment for the present, and proceed to the evidence. The following letter from Morgan to Robert J. Atkinson, then 3d Auditor of the treasury at Washington, but previously a member of the Ohio legislature from Carroll county, was written just seven days after the close of the fiscal year, when he reported to the Governor that there was a balance in the treasury of $584,680.

MORGAN TO ATKINSON.

OFFICE OF COMMISSIONERS OF SINKING FUND,
COLUMBUS, O. Nov. 22, 1854.

HON. R. J. ATKINSON, 3d Auditor Treasury,
Washinton City.

Dear Sir:—The embarrassments which seem to have overtaken our State Treasury have rendered it prudent, in the opinion of the Commissioners of the Sinking Fund, to provide as far as in their power, for any contingency by which the prompt payment of the January interest may be put in jeopardy, and to this end they have resolved to convert the whole amount ($106,200) of United States Bonds now in their possession into coin on the advertised terms of Secretary Guthrie, &c." (The letter inclosed the $106,200 U. S. Stocks.)

He here proposes to violate the law creating the sinking fund, and sell securities placed in his trust as Fund Commissioner for the purchase of the State bonds of 1856 at a proper time, to help pay $433,388 interest, when he had stated officially that there was $584,680 in the treasury.

Mr. Atkinson knew something of the hands into which the treasury had fallen, and expresses himself freely as follows:

ATKINSON TO MORGAN.

WASHINGTON, Nov. 25, 1854.

Dear Sir: Yours of 22d, inclosing U. S. stocks $106,200, to be presented to the Secretary of the Treasury for redemption, was received this morning.

* * * * * *

What is the difficulty with the Treasury? Are the funds locked up in Ohio or Indiana suspended banks, or what is the matter? I see it stated that a draft for $30,000 had been protested, but understand that grew out of the bank from whom the exchange was purchased having failed to provide the means at New York to meet it. After all, I fear the loudly boasted "*saving* of exchange" by Mr. Breslin, and which was rung in our ears so often during the two last winters, will prove a *losing* operation in the end. I perceive the *Statesman* is out in favor of an "Independent Treasury." All well enough, as I have heard you say; doubtless, when we get a *Whig* Treasurer of State, there will be a good many Democrats who will be in favor of that same. but who, under "present circumstances," could see "no necessity for any change."

You may remember, after failing to get any action in the House upon the Treasury bill, we stuck on the appropriation bill in the Senate a section covering the entire ground as to loaning or depositing any of the monies in the Treasury; but the House, in their wisdom, (governed by Messrs. Gest and McKenzie,) struck it out, and adhered to it, and at the last moment were compelled to surrender, or adjourn without making any appropriations. Then the *Statesman* (or rather Mr. S. S. Cox,) could laud the Finance Committee of the House, and declare that the odious section was only intended as a "personal fling at the Treasurer of State." Had that sec-

tion been adopted, $9,000 of the State's money appropriated for the new Lunatic Asylum would not have found its way into the Canal Bank of Cleveland, and an infinite amount scattered over the State, and perhaps some of it out of it, making it necessary for the Sinking Fund Commissioners to convert the U. S. stocks into money, out of abundant prudence to provide against contingencies growing out of "an embarrassment which has overtaken the Treasury," whereby there may be doubts of its ability to pay half a million of interest when there ought to be at least a million of money in it.

ROBERT J. ATKINSON.

The report of the treasury commission profoundly remarks:

"Wherever an Independent Treasury law of this State is unsustained or denounced, it may be justly assumed that influences are at work which, if left untrammeled, would again lead to another defalcation."

Let this apply to those whom Mr. Atkinson implicates in defeating the sub-treasury at a time when so many of the party knew the urgent need of it, and because they knew Breslin could not pay the money in his hands.

Next we find a letter from Edgerton to Morgan, Dec. 4th, just after it had been officially reported that there was near six hundred thousand dollars in the treasury, and when the treasurer had power to draw on the county treasurers for half a million more, as was the custom, announcing his fears that the treasurer could not meet the January interest; showing that a draft drawn by the Auditor on him Nov. 29th had not been paid, and that he was aware of the illegal means the Auditor had taken to cover the deficit by selling the sinking fund stocks. Could Edgerton know so much and not be aware of all the rest? We apply to him and to Morgan the logic of their report:

"If Mr. Gibson was not cognizant of Mr. Breslin's illegal conduct while in office, and connected with him in some form in his depredations upon the treasury, he has shown himself by his neglect, to make even the most ordinary prudential inquiries upon his going into the Treasury, and ascertaining that the amount appearing to be due from Mr. Breslin, was not to be paid to him, to be utterly devoid of common sense, and totally unfit to occupy any position of responsibility and trust."

EDGERTON TO MORTON.

STATE OF OHIO, TRANSFER OFFICE.
NEW YORK, Dec. 4. 1854.

Hon. W. D. Morgan, Acting Com., &c.

Dear Sir:—"I deem it my duty to advise you that I have some fears of the ability of the Treasurer of State, to place the funds required for the payment of the January interest on the Foreign public debt payable in this city, in my hands before the 1st proximo." I am not advised of the precise form of your draft upon him for that purpose, whether payable on presentation or on the first of January next. If payable on presentation, I have a right to inquire into the probabilities of its payment; but if payable on the 1st of January, neither the Commissioners or myself have any right to make inquiries or examination on the subject, for the Treasurer has until that day to meet it, and neither of us has any legal right to question his ability.

In the usual course of business, the Treasurer should remit funds to me in anticipation of the draft and the day of payment, but up to this day he has not remitted one dollar toward the interest, neither has he any funds here to meet the draft of $50,000 drawn on the 29th ult. for investment as Sinking Fund. It may perhaps be unjust toward the Treasurer to suspect his ability to meet these drafts in time to save the credit of the State, but under the present embarrassed and exceedingly stringent condition of monetary affairs, it may be prudent for the Commissioners to have the means in their power to meet the interest. I am aware that you have already taken steps to avert such a blow to the credit of the State, by disposing of the United States Stocks, and I trust you will take such further steps as will, beyond any contingency, place the necessary funds in my hands, in case of any default on the part of the Treasurer. I think that hereafter, to enable the Commissioners to know positively the condition of the interest account, previous to the day of payment, and to prevent any fears or embarrassments in relation to it, you should make your requisitions upon the Treasurer some months in advance of the time the interest becomes due, *payable on presentation.*

I should then open an account with the Treasurer of State, charging him with the amount of the requisition, and crediting him with such remittances as he might make on account of it.

A. P. EDGERTON,
Transfer Agent.

Next, we find a letter from Attorney General McCook, which shows that all the State officers knew that Breslin had failed to meet a draft for $30,000; expressing fears that although he had half a million nominally in the treasury, he could not meet the January interest, and consenting that the sinking fund should be diverted to make up his defalcation.

ATT'Y GENERAL M'COOK TO AUDITOR MORGAN.

STEUBENVILLE, Dec. 6. 1854.

(Without signature, except a monogram—indorsed in Morgan's hand-writing as from "George W. McCook, Att'y. General.")

"Dear Sir:—I have a letter this morning from Dr. T. (Trevitt) in New York, which gives rise again to suspicions I have expressed to you, but which were well nigh dispelled when I left Columbus.

He says, although I trust you have already seen him, that so far as he knows, B. (Breslin) has not a dollar in New York. T. has of course seen E. (Edgerton,) and according to former custom, the latter would know whether any funds were there. He says also, that fears are entertained on the street, that Ohio will not meet her interest. These apprehensions, we may suppose, have arisen from the failure of B. to provide for his $30,000 draft, and that there is no other reasons for the fear. We of course can judge as well as they can.

Now, I am, as you know, ready to do anything to sustain the credit of the State, and I think we would be criminal to neglect any precautions. I am willing also to defer my own opinions expressed in my letter from here as to the immediate investment of the proceeds of the U. S. bonds surrendered, at the present low rates of our stocks, if you and Dr. T. are of opinion there is danger as to B.'s providing the interest. If you come to the conclusion, the money ought to lay in the Sub-Treasury until we wish it, as I am unwilling to trust the integrity of the New York bankers, when I distrust the integrity of a sworn officer of the State.

* * * * *

On the other hand, if there is no *new* reason for distrust at Columbus, I am willing to take the position with you. We are to *presume* that every officer will discharge his *sworn duty*, and that B., having *a half million* of public money, will dispose of it as the law requires.

Again, Dec. 6, Edgerton, in acknowledging the receipt of a U. S. treasury warrant for $28,288.-84, which was a part of the amount Morgan proposed to use in his letter to Atkinson, suggests that no further investments be made in securities for the sinking fund, so that the funds may be used to cover Breslin's anticipated deficit in the January interest.

EDGERTON TO MORGAN.

OHIO TRANSFER OFFICE,
New York, Dec. 6, 1854.

HON. W. D. MORGAN, *Acting Comuissioner:*

I do not know, but having some doubts of the ability of the Treasurer to place in my hands the January interest, you would suspend further investments until you received assurance upon the subject; but as you have given no directions in regard to it, I shall continue to invest as formerly.

A. P EDGERTON,
Transfer Agent.

To this Morgan replied as follows:

MORGAN TO EDGERTON.

OFFICE OF COMMSSIONERS OF SINKING FUND,
COLUMBUS, Ohio, Dec. 9, 1854.

HON. A. P. EDGERTON,
Ohio Transfer Agent, New York,

DEAR SIR:— * * * * *

In an interview with the Treasurer, I failed to draw from him anything which was calculated to shed light on the condition of his funds or the nature of his reputed difficulties. * * * I deem it prudent to keep ourselves in as good position for meeting a disappointment as may be in our power, and, to the end, will defer the cancellation of the bonds (96,000) recently held by the Canal Bank, that they may be hypothecated in case it becomes necessary to make provision for any deficiency on the part of the Treasurer. I will also reserve for the same purpose the three U. S. Treasury Warrants ($87,000) still in my possession.

I will be glad to hear that you have purchased, by the 16th inst., bonds to the *full amount* of the Sinking Fund now in your possession. Such bonds as you shall purchase may be retained in your office without cancellation until after we shall have safely doubled the January Cape.

And to double the January Cape, to pay four hundred and twenty-one thousand dollars, when there should have been a million in the treasury, as during all this time the treasurer was making drafts on the County treasurers, was our "good State" cast by this delectable couple of financiers among "the hawks and buzzards of the stock market;" they even proposed to re-issue $96,000 of state stocks which they had purchased—or thought they had purchased, for that turned out to be a mistake—with the sinking fund; they propose to use the U. S. securities, held for the redemption of the State debt, and which the law says "shall be applied to the purchase of said outstanding bonds and to no other use or purpose whatever," in order to double this January Cape of a defaulting treasurer.

These are the men whose "cheeks tingle with shame at the idea that the securities of our good State should be abandoned to the hawk and buzzard of the stock market."

Then Edgerton writes Morgan indorsing his peculiar financial expedients to guard against the deficit of the Treasurer.

EDGERTON TO MORGAN.

STATE OF OHIO, TRANSFER OFFICE,
NEW YORK, Dec. 15, 1854.

HON. W. D. MORGAN, *Acting Commissioner.*

"It may not be necessary to apply any of the funds under your control to the payment of the January interest, the Treasurer being confident of his ability to place the funds in my hands at the time required. The course you have ad pted is, however, the only safe one, and pla es you in a position to enable you at a moments notice to protect the interests and credit of the State."

A. P. EDGERTON *Transfer Agent.*

We have alluded to the $96,000, State stocks of the Canal Bank of Cleveland, which Morgan reported that he had purchased. The following postscript to his letter states it:

MORGAN TO EDGERTON.

OFFICE OF COMMISSIONERS OF SINKING FUND,
COLUMBUS, Ohio, Dec. 4, 1854.

HON. A. P. EDGERTON,
Ohio Transfer-Agent, New York:

P. S.—The Treasurer of State has sold to me on behalf of the Fund Commissioners, the entire amount of the stocks of the Canal Bank, on deposit in his office.

The Bank had failed and these stocks, held for redemption of its notes, Morgan expected to get hold of somehow. Perhaps it was afterwards discovered by these delectable financiers, that this private arrangement could not be carried out under the law, which requires a public sale. These stocks which Morgan, December 4, reports that he has bought for the Sinking Fund and proposed to reissue, were advertised December 12 and sold December 26, at public sale, and Mr. Morgan, as Fund Commissioner, bought $42,458 of them.

Now, note how the Auditor in his report as Fund Commissioner, January 13, covers up all this financial shinning and hypothecation and reissue, and compare his reason for selling the United States stocks in his sworn report, with those he gave Atkinson in his letter of November 22.

Extract from the Semi-Annual Report of the Commissioners of the Sinking Fund to the Governor of Ohio.

OFFICE OF COMMISSIONERS OF SINKING FUND.
COLUMBUS, Jan. 13, 1855.

HON. WM. MEDILL, *Governor of Ohio.*

SIR: * * * At the usual time of making provision for meeting the Semi-Annual interest due on the 1st day of January on the *foreign* debt of Ohio, the condition of the money-market throughout the country was, (and yet is) exceedingly unsettled. And amidst the general revulsion, which seemed everywhere to prevail, several of the banking institutions of Ohio had already sunk into hopeless bankruptcy. For these and *other reasons* (?) the Commissioners deemed it inexpedient and unsafe to instruct the State Treasurer to exchange the interest money in his possession for *time bills* on New York, as had been customary. Instead, therefore, of issuing their usual requisition, they made their order on the State Auditor for his draft on the Treasury for par funds payable directly to the State Agent. * * * * * * In the month of November last, it was deemed best, in the judgment of the Commissioners, to surrender, without further delay, the bonds of the United States, purchased in August and September, 1853, a temporary investment of the Ohio Sinking Fund, and to apply the proceeds thereof as early as practicable to the purchase of Ohio Stocks.

The provision for the July interest of 1855 was but a repetition of the same shinning, and illegal use of the securities in the sinking fund by Morgan and Edgerton to cover up the defalcation. For two years was our good state the victim of this hawk and buzzard, whose cheeks so "tingle with shame" that the securities of the State should be thrown on the market. In June Breslin, who somehow—perhaps the treasury commission will explain—had the free use of these men, notified Morgan that he could not meet the July interest. Morgan rallied promptly to the rescue. In his next annual report, he stated that there was a balauce in the treasury, Nov. 15, 1855, of $703,370. It will be recollected that from June to Nov. there are no receipts into the treasury from taxes, and Morgan could not but know in June, 1855, that there should be over twelve hundred thousand dollars in the treasury. After paying the July interest and current expenditures, there was left or should be $703,370, Nov. 15, as he reported, but instead of demanding an explanation, and the keys of the treasury, as Auditor Wright and Gov. Chase did when Gibson made a similar announcement, the auditor promptly proceeded to hypothecate the securities he held in trust. Here is his letter to Edgerton, inclosing securities, the two always displaying one prominent virtue, we cannot call it a redeeming one—fidelity to Breslin and his defalcation:

MORGAN TO EDGERTON,

Enclosing 3 U. S. Treasury warrants for $87,000, and orders to use $54,000 on hand for investment in Ohio stock, including $44,000 Astor Bonds.

OFFICE OF COMMISSIONERS OF SINKING FUND,
COLUMBUS, Ohio, June 27, 1855.

HON. A. P. EDGERTON,
Ohio Transfer Agent, New York—

DEAR SIR: * * * * * * *

My motive in placing this amount in your hands immediately, is to provide against a failure on the part of the Treasurer of State to place in New York the full amount of the draft for July interest. On last evening, I was waited on by Mr. Breslin, and notified of his inability to meet the interest in full by proper time. He assured me, however, that the deficit would not exceed, at the utmost, one hundred thousand dollars, and that the sum, if loaned in New York by the Commissioners, should be repaid in full within thirty days. * * * * * * *

I need not state my very great surprise that Mr. Breslin should have withheld from the Commissioners the remotest intimation on this matter until this evening. He states, however, that he has been unexpectedly disappointed by Cincinnati parties on whom he relied. I still hope that he may be able to meet the draft at maturity. In case this is not done, you will please furnish this office written notice of the failure.

WM. D. MORGAN,
Acting Commissioner Sinking Fund.

[Same date and letter.]

P. S. Mr. Breslin assures me, as already stated, that the deficit will, in no contingency, exceed one hundred thousand dollars. Should this reasonable anticipation prove fallacious, and there be an actual deficit greater than the surplus redemption fund in your hands, the bonds purchased from Mr. Astor ($40,000) might be used as an hypothecation for additional funds.

To this Mr. Edgerton replied, showing the impracticability, not impropriety, of re-issuing or hypothecating the redeemed stocks. Edgerton is also fearful the embarrassment is not temporary, a very singular fear considering his experience in financiering to save the treasurer. He is also convinced that tampering with public or trust funds does not pay.

EDGERTON TO MORGAN.

STATE OF OHIO, TRANSFER OFFICE,
NEW YORK, June 20, 1855.

HON. W. D. MORGAN, *Acting Commissioner:*

Sir—Yours of the 27th of June, with the inclosures was received this morning. * * * I learn with much regret by your letter of the inability of the Treasurer of State to place the amount necessary for the payment of the interest on the Public Debt due on the 1st of July, in my hands on that day. I am fearful this embarrassment is not temporary. The Treasurer has now in my hands,

Balance to his credit	$128,442.81
Drafts due to-day and July 2d	132,859.81—261,302.12

The drafts due to day and on the 2d will undoubtedly be paid. There is standing to the credit of the Sinking Fund $193,892.18, so that there is already in my hands a sufficient amount for the interest due on the 1st of July. I am pleased to know that the means are thus at hand, and am convinced by the present embarrassments of the Treasurer that there is no safety in tampering with a public or a trust fund. * * * * * * On reflection, you will perceive that your suggestion of raising any deficit there might be in the interest fund by an hypothecation of the stocks bought of Mr. Astor, could not be carried out, because those stocks have no longer any existence. The certificates are canceled on being surrendered, under your instructions to that effect, and cannot be again re-issued to any one. So with the stock of 1860 purchased and canceled, it cannot in case of an emergency, be re-issued or hypothecated, as it has no longer any existence.

A. P. EDGERTON, Tr. Agent.

The following is a statement of Edgerton to Morgan, of the funds in his hands. The mem. shows those applicable to payment of interest, being a deficiet of $97,558.58. It will be remembered that previous to the payment of the July interest, is the flush time in the state treasury, and that there could not have been less than a million nominally in it:

EDGERTON TO MORGAN.

STATE OF OHIO, TRANSFER OFFICE,
64 BEAVER ST., N. Y., July 18, 1855.

HON. W. D. MORGAN, *Acting Commissioner.*

SIR:— * * * * I send herewith a statement of the money in my hands this day. * * * Statement of moneys belonging to the State of Ohio in the hands of A. P. Edgerton, Transfer Agent, New York, July 18, 1855:—

To the credit of the Sinking Fund		$189,812 18
From which is to be deducted the following amounts:—Amount to be transferred to payment of July interest, 1855, being the amount of deficit in the remittances of of State Treasurer for that purpose	$97,558 58	
Amount of the account for the expenses of Transfer Office, New York	12,411 93	109,970 51
		$79,841 67

"Mem." accompanying same:

Amount of July interest	414,704 70
Remitted by Breslin and standing to his credit	317,146 12
	$97,558 58

A. P. EDGERTON, *Transfer Agent.*

The following letters show the various resorts of Morgan and Edgerton; their anxieties and various financial shifts, none of which, very mysteriously, were discovered in their exceedingly minute investigation, nor alluded to in their sixty column report:

MORGAN TO EDGERTON.

COLUMBUS, O., July 31, 1855.

* * * * The State Treasurer notifies me that he is prepared to make up sixty-two thousand dollars of the deficit in his transmission of July interest. The balance, $32,000, he hopes to transmit in the course of two weeks.

WM. D. MORGAN, *Acting Commissioner.*

MORGAN TO EDGERTON.

OFFICE OF COMMISSIONER OF SINKING FUND,
COLUMBUS, O., August 4, 1855.

HON. E. P. EDGERTON—*Dear Sir:*—Referring to my letter of the 27th of June, I desire to be informed whether the Treasurer of State has yet furnished you funds to complete the deficit in his transmissions for meeting the July interest on the Foreign State Debt of Ohio. If this has not been done, you will please forward me a statement, with dates prefixed, showing the amount on July intersst furnished by Treasurer in *proper time*, and the amounts which have since been forwarded, with the respective dates.

WM. D. MORGAN, *Acting Commissioner.*

EDGERTON TO MORGAN.

TRANSFER OFFICE, STATE OF OHIO,
NEW YORK, August, 8, 1855.

HON. W. D. MORGAN,
Acting Comm'r, Columbus, Ohio:

DEAR SIR:—I have to acknowledge receipt of your favor of August 4. In compliance with your request, I annex a statement of monies received from Treasurer of State, on account of July, 1855, interest.

A. P. EDGERTON, Transfer Agent.
SAM'L T. BULL.

JOHN G. BRESLIN, in account with A. P. EDGERTON, Transfer Agent:

July	1, 1855, by balance	$222,543 12
	2, by draft	35,359 00
	2, "	48,844 00
	3, "	3,400 00
	6, "	7,000 00
	24, "	5,104 00
Aug.	1, "	35,000 00
	1, "	7,000 00
	2, "	15,000 00
		$379,250 12

Showing that on the 8th of August, the Treasurer was still deficient $55,554 of the July interest.

MORGAN TO M'COOK.

OFFICE OF COMMISSIONERS OF SINKING FUND.
COLUMBUS, Ohio, August 3, 1855.

HON. GEO. W. MCCOOK, Attorney General &c., Steubenville, Ohio:—Dear Sir, I have just received your lines of 31st July, and regret to say that I was advised by Treauurer Breslin, on the 30th ult., that he would be able to provide no more than $62,000 of his July interest deficit, by the 1st of August. This would still leave a balance of $35,558,58 which he hoped to be able to provide in two weeks from the time of our interview. This is indeed lamentable, but I fear the worst is yet to come.

In regard to the further reduction of the principal of the public debt, my opinion has been that we should direct our efforts mainly, if not exclusively, to the purchase of certificates of 1856. I think these can be procured within the next three months in sufficient quantity to exhaust the fund—or at all events, to absorb as much of it as the Commissioners, under our delectable laws, will be able to get out of the clutches of the Treasurer. In fact, he has been twice called on for funds to make good my contract with the Salem Savings Bank, for the purchase of certificates to the amount of $34,000 and in both instances, he has bluntly avowed his present inability to furnish them. The consequence has been that I have been at last compelled to make the purchase out of funds put into the agent's hands to cover his own redemptions.

W. D. MORGAN, Acting Comm'r.

ATTORNEY GENERAL M'COOK TO MORGAN.

STEUBENVILLE, Aug. 6, 1855.

DEAR SIR:—I acknowledge your letter of 3d instant. I regret exceedingly that Mr. Breslin has not repaid the account advanced by us to meet the July interest. * * * We can, of course, place no reliance on the Treasurer of State, after what has so recently occurred; and this disables from advertising, for if stock should be offered upon our terms, we might at any moment find ourselves unable to make the payments.

GEO. W. McCOOK,
Commissioner.

In October it seems that the money taken from the Sinking Fund to cover up the Treasurer's deficit had not yet been replaced. The elections were then at hand; Morgan, running on the same ticket with Breslin, with full knowledge that the Treasury had been robbed of half a million—and every State officer on the Democratic ticket, from Governor to Attorney General, implicated in the same guilty knowledge.—Did they not by this act become accessories to Breslin's crime, if never before? And Mr. Edgerton, too, consenting that the Treasury should continue to be robbed for another term by Breslin, and willing to continue to carry our "good State's securities," which she had purchased and set apart as a sacred trust to redeem the public debt, to the hawk and buzzard of the stock market to assist it.

How do "our cheeks tingle with shame" at the picture our State presented previous to that election, bound hand and foot, plundered of three-quarters of a million, and then the robbers had the brazen impudence to offer themselves a third time as candidates for the approval of the people they had betrayed and robbed.

Morgan began to get his sinking fund in order, preparatory to the change that was then ominous. In September he began to try to draw some money out of Breslin, to make up the deficit. He made a draft on Breslin for $50,000 and sent it to Edgerton for collection, with instructions to protest it if not paid promptly. It does not appear that Edgerton did this. He first wrote Breslin to remit the money to New York, and Breslin failing to do this, he forwarded the draft to W. G. Deshler, of the Clinton Bank of Columbus, who took the pay in *traps*—as he calls them, at various times, and the whole was not paid till November 5th, forty-six days after it was drawn.

MORGAN TO EDGERTON.

OFFICE OF COMMISSIONER OF SINKING FUND,
Columbus, O., Sept. 20, 1855.

HON. A. P. EDGERTON,
Ohio Transfer Agent, New York:

Dear Sir:—Herewith find Auditor of States draft on Treasurer of State for fifty thousand dollars, payable to A. P. Edgerton, Transfer Agent, or order. * * * You will cause this draft to be presented forthwith for payment, and in default thereof, give the drawer immediate legal notice.

W. D. MORGAN,
Auditor.

No. 261, dated Aug. 20, 1855.

EDGERTON TO MORGAN. No. 2. $50,000

TRANSFER OFFICE, STATE OF OHIO,
New York, Oct. 5, 1855.

HON. W. D. MORGAN,
Acting Commissionsr, S. F. Columbus, Ohio

Dear Sir: * * * I have written to John G. Breslin, Esq., Treasurer, (Oct. 1,) that I have the draft and required the amount to be remitted at once, or I should cause the draft to be presented for payment, and protested if not paid.

A. P. EDGERTON, Transfer Agent.
SAM'L T. BULL.

Here is a letter from Morgan to Edgerton written just before election, which informs him so particularly that the funds taken from the sinking fund were only loaned temporarily and were to be returned, that it excites suspicion that if it was not for Morgan's forebodings of the result of the election which just then was so inconvenient to this gang, the re-transfer would not have been thought of.

MORGAN TO EDGERTON.

OFFICE OF COMMISSIONERS OF SINKING FUND
COLUMBUS, O., October 8, 1855.

HON. A. P. EDGERTON,
Ohio Transfer Agent, New York:

DEAR SIR: * * * The transfer of ninety-seven thousand five hundred and fifty-eight dollars and fifty-eight cents ($97,558.58) from Redemption Fund to July interest account, in pursuance of my instructions of 26th June, was but a temporary expedient for remedying the failure of the State Treasurer to meet the entire July interest at proper time. So soon as the deficit which he then permitted to occur, was supplied by his payment of the July interest *in full*, it was expected and intended that the ninety-seven thousand five hundred and fifty-eight dollars and fifty-eight cents ($97,558.58), temporarily transfered from Redemption Fund to Interest Fund, should be again restored by a transfer.

WM. D. MORGAN,
Auditor and Acting Commssioner.

EDGERTON TO MORGAN.

TRANSFER OFFICE, STATE OF OHIO,
NEW YORK, Oct. 19, 1855.

HON. W. D. MORGAN,
Acting Fund Commissioner, Columbus, Ohio

Dear Sir:—I inclose a copy of a letter received this day from the Cashier of the Clinton bank, Columbus, and remain,

A. P. EDGERTON, Transfer Ag't,
SAM'L. T. BULL.

(Copy.)

CLINTON BANK OF COLUMBUS,
October 13, 1855.

A. P. EDGERTON, *Transfer Agent, N. Y.*

Dear Sir:—Inclosed please find No. 2971, Franklin Bank, on Trust Co., $10,000, say ten thousand dollars, being amount converted into exchange on collection made on draft No. 261, Aud. of State on Treasurer of State, $50,000, as per yours of 10th. Breslin has paid part of draft only, as yet, and more of that in checks on various points in Ohio, which it will take a few days to convert into exchange. I will remit you as full collections and commissions are made.

CLINTON BANK, Columbus, Nov. 1, 1855.
A. P. EDGERTON, *Transfer Agent;*
Dear Sir—Inclosed please find—

No. 1638 my Check on Atwood & Co	$3,350
" 1639 " " " Thompson	1,275
Add ¾ per cent. premium on $50,000	375
	$5,000

Being balance due on the $50,000 check on the Treasurer of State. I would have remitted more promptly had I been able to convert the *traps* I received on the check sooner than I did.

W. G. DESHLER, Cashier.

We appeal to any honest man of either party, if we have not substantiated every thing we promised in the beginning of this article by irrefragible proof. After the testimony we have given, is there one that can doubt that Morgan and Edgerton were accessories to the defalcation, by guilty knowledge of the fact for two years, and while Breslin was a candidate for re-election, if they were not actual accomplices. Is it possible that any men, so prominent in political affairs would thus peril their reputation in mere disinterested zeal to cover up the crime of another? And will the reader consider that if so direct an implication in this fraud can be shown by official letters on file in the departments what must have been the nature of the private correspondence between these men? We can only give what they saw proper to leave on file, after they have had every opportunity to sift it.

The treasury commission endeavored to account for the low price received for the last loan. They said, "the eyes of capitalists had watched the finances of our State with friendly care;" that "'Ohio's securities were favorites in the market, but a suspicion, created by the circumstances of the last loan, that constant borrowing was to be the policy of the State, began to make capitalists suspicious;" also that "borrowing at the last moment, and other forced, improvident measures, must sooner or later produce disorder, and entail loss and disgrace upon the State to the injury also of its creditors." That we are right in this, we will here state two pregnant facts: 1st, the keeping aloof of actual capitalists from bidding for the whole loan; and 2d, the officious forwardness of the lighter class of stock brokers in tendering their services. These two never would have dared to show their faces, if the causes above specified had not thrown the tempting bait within their circles."

Is there not sufficient reason shown in this correspondence why the credit of the State had sunk? Could the securities of the State be thrown among the hawks and buzzards of the stock market, and hypothecated at least twice a year to cover up this defalcation, without telling on the credit of the State? In another article, we shall prove that, during Mr. Edgerton's administration of the transfer agency, the State was under

Auditor Morgan is very careful to state that from the imperfect system of book keeping he could not know how much money there was in the treasury, but he did know annually, and he always knew after the settlement of the county treasurers; and he knew when he made the draft of $50,000 on Breslin that there should be near nine hundred thousand dollars in the treasury. He shows that when Gibson took possession soon after, the books showed a balance of $855,853, and yet Breslin could not pay a draft of $50,000, and innocent Morgan and Edgerton pretend the did not know that anything w wrong.

We apply t these gentlemen the logic by which they convict Gibson of all the defalcation of Breslin, becaise he knew it and covered it up. Every sentence of their judgment on Gibson makes them equally guilty. We quote from the report:

"The systematic course in concealment pursued by him during the whole period he was in office, so implicates him as being in collusion and a confederate with Breslin, that a reference to a few facts developed by the testimony may be justified. * * * * We have referred to these persistent and successful efforts at deception on the part of Mr. Gibson, because to our minds, they are conclusive that he must have been actuated by some other and more important consideration, affecting him personally, and perhaps criminally, than to conceal the defalcation of his predecessor only. * * * We have thus given Mr. Gibson the full benefit of his reasons for concealing the defalcation of Mr. Breslin, if it were his, and we have also given some other reason why its concealment was desired. The conclusion is forced upon us, that Mr. Gibson was but continuing to act, after he became Treasurer, his part in the great scheme of the Treasury defalcation, and concealment was as necessary a part of his own protection as it was that of Mr. Breslin.

Why was even the slightest allusion to any of these difficulties excluded from a report which was so extremely minute in some matters? Because that was just what this peculiar committee was created for. Was ever the boldness and effrontery of this pair of investigators paralleled, who with a full knowledge of this defalcation, for years before it became public, set themselves as investigators in order to cover up their own connection with it.

We do not seek to exonorate Mr. Gibson, but his character can easily stand a comparison with that of these model investigators who labor so arduously to charge the whole defalcation on him, when they knew that it existed for years before he came into office. These are a beautiful pair to preach moral essays, and political economy; to lament the decline of official integrity, and affect that their brazen "cheeks tingle with shame" at the idea that "our good State should allow its bonds to be sullied by the hands

REPORT

OF THE

TREASURY INVESTIGATING COMMISSION.

COLUMBUS, March 7, 1859.

To his Excellency S. P. CHASE, *Governor:*

SIR:—As directed by the law creating our commission, we have the honor to transmit to you, herewith, our report relating to the several matters with the investigation of which we were charged.

It is far more voluminous, than we desired, but not more so than was the natural consequence of the many subjects (nine in number) which were specifically pointed out to us; and if we had not adopted the policy of reporting the answers only of the witnesses, without the questions, it would have been still longer.

It is due to those who have testified before us, to state, that all the testimony taken is in reply to interrogatories, and that none of it was *volunteer* evidence—an explanation unnecessary for those whose unwillingness to testify appears from the record.

We organized soon after the adjournment of the General Assembly, and had a suitable room provided for us in the State House, for which we would thankfully acknowledge the ready aid of the Secretary of State, and his chief clerk.

One of our number (Charles Reemelin) had, as he informed you, scruples upon the question of the constitutionality of the power of the General Assembly to create such a commission, and he expressed a wish to you that steps should at once be taken to test the question before the

Sueprem Court. As a similar one was then before that tribunal, upon which an early decision might be expected, it was deemed best to await its opinion.

The discussions, and the opinion of the Court, satisfied us that the Constitution did not forbid the creation of such temporary commissions of investigation, and accordingly we proceeded in the discharge of our duties.

We had accepted the temporary service tendered us by the law making power solely from motives of duty to the State. We felt it was a task no sane man would covet, but which no well disposed citizen, however great the personal inconvenience might be to him, could refuse to accept.

We never disguised to ourselves the arduousness of the labor before us, as well as the great probability of being subjected to obliquy, if the result of our examinations should fall short of public expectation, and we had no reason to expect that it would not. The knowledge, too, that our investigations would unavoidly affect gentlemen of high position in society, many of whom were personal and political friends, caused us apprehensions that we would be gathering for ourselves a harvest of enemies; but our confidence in the discriminating intelligence of the people—whom we meant to serve humbly but faithfully—remained unshaken, and relying thereon we have prosecuted our labors. Having known no personal or political partialities in directing our inquiries, and in the report thereon we may with propriety ask all whom our strictures may affect, to believe us, that dear as our reputations are to ourselves, it has been to us no pleasure, but sorrow, to have to judge harshly, or to express unfavorable opinions of others; and though we cannot hope to retain entirely unaffected, the previously existing kind regards of these individuals, yet we do not fear their calm judgment; and this we claim even where, as is likely, we have drawn erroneous conclusions.

There are some who have appeared before us as unwilling witnesses, who have, as we believe, withheld the whole truth. Had they presented all the facts and explanations in their power, which we earnestly desired they should do, our opinions and conclusions might have been materially changed or modified. If to such we seem unjust or too severe, they have none to censure or condemn but themselves.

We were sustained in our investigations by an entire unanimity of purpose to examine without party prejudice, and to judge and report

upon facts, persons and principles, from but one stand-point: that of truth, regardless of personal friendship and political affinities.

Should the firm enunciation of our convictions upon certain measures of public policy, upon which political parties have in the past been divided, appear to any one to bear a partizan character, we would most earnestly protest against any such interpretation of our intentions. Our political convictions upon these subjects are too broad and deep to run in the narrow channel of mere partizan views. We have stated them because the developments made, forced us to see the great necessity for their immediate adoption. Laws against crimes and misdemeanors are on the historic page—proofs of the pre-existence of these evils—for mankind seldom provide restrictions against wrongs before any have been committed. Ohio had failed to guard its public treasure, and it was despoiled. The thing to be done was two fold; first, to recover the treasure, and second, to put upon the statute books those laws against a repetition of the robberywhi ch experience should point out; and it was the latter purpose that has dictated to us the suggestion of certain measures and principles. It was not for us to object to them because any class of politicians had hitherto advocated them, but to adopt them because they are right.

We beg all to remember that we were directed to examine into deeds and practices, from two to twelve years after they happened—that they were deeds of darkness in their very origin—and that books and papers, as well as men's memories, do not grow stronger and brighter in the progress of time, but rather weaker and less reliable. There had been just enough investigation to make the wrong-doers more adroit in hiding their acts, and in inventing most plausible explanations with which to mislead their examiners.

The course pursued towards the defaulting treasurers, immediately after the defalcation became known, was not calculated to diminish the intricacies of subsequent investigations. The three treasurers were all in the city, hovering around the scenes of their misdeeds, and should, in our opinion, have all been arrested, and their books and papers subjected to the closest scrutiny; and we cannot well be mistaken in the opinion that assets and proofs of their existence would have been found, making all subsequent examinations comparatively easy. We express this opinion with some degree of hesitancy, but yet as our decided con-

viction. We would here say, as we have in the report itself, that we do not wish to assume towards any public officer concerned in these proceedings a mere censorious or fault-finding spirit, much less to pass upon the acts of others in a spirit of arrogance or self-sufficiency.

None know better than we do the difference between being an *actor* under snch circumstances, and a *reviewer* of the acts done. We appreciate all the perplexities of those dark hours and days in the history of the State, and how liable all whose duty it was to participate in them, were to mistake the proper course. Our State officers had to discharge that most disagreeable of all tasks, that of being rigid and severe to fallen men, especially where all the surrounding circumstances added to that bitterest of all pangs to see a hitherto honored member of society stand revealed as false to virtue, truth and honor.

Our proceedings have not been as consecutive in time and method as we desired, because we had other duties which frequently required our attention and interrupted our progress. We were anxious to report before the meeting of the General Assembly, but were prevented from the causes named, and also from a belief that it was for the public interest to delay our report until this time, and it will be seen that our view was the correct one. As there exists no very prominent cause for further delay, having taken all the testimony we deemed necessary at this time; and feeling, in fact, satisfied that further delay would be improper, we have hastened to prepare the report, herewith transmitted, which with these introductory remarks, you will be pleased to transmit to the General Assembly.

We remain, respectfully,

Your obedient servants,

A. P. EDGERTON,
CHAS. REEMELIN,
W. D. MORGAN.

I. ALBERT A. BLISS.

The first duty assigned the Commission, by the act creating it, was to investigate the accounts and official transactions of the late treasurer, Albert A. Bliss.

We have entered upon the discharge of this duty fully sensible of the high social and political position occupied by Mr. Bliss, during his term of office.

At its termination, vague rumors were afloat of his inability to pay to his successor the amount supposed to be due. These rumors became the basis, subsequently, of legislative inquiry as to the manner and character of his settlement with his successor. That inquiry was met by Mr. Breslin, to whom it was directed, by a most unfortunate official attempt at concealment, in which Mr. Bliss was suspected to have taken no unimportant or disinterested part; in fact his acquiescence made the act his own. When the Treasury defalcation became known to the public, he had therefore no right to expect an immunity from suspicion of being implicated in it; and can not now censure the General Assembly, whose agents we are, for instituting, nor this Commission for pursuing the investigation to the fullest extent. If it shall seem to him, or to others, that we have invaded the sanctity of his private business, and brought to light transactions deemed by him unofficial, he must remember that he had not himself fixed the line of separation; but had mingled public and private interests so intimately as to leave no distinguishing mark between them. We fully appreciate, in his, as in all other cases, the impropriety and injustice of prying into the private transactions of any; and it is only when impelled by a sense of duty, and when we believed that the admitted sacredness of a private transaction was used to conceal a public wrong, that we felt constrained to subject it to a public scrutiny.

Mr. Bliss was Treasurer of State from March, 1847, to January 12, 1852. At the time of his election he was a practicing attorney at Elyria, in Lorain county; and as he states in his deposition, "was not worth a great deal of money;" and as stated in the depositions of others, owned a house and lot, and a "snug little farm," in Elyria, and was worth from $6,000 to $10,000. With those unacquainted with the means and appliances used by outside influences to reach the Treasury, it would be sup-

posed that a Treasurer would always obtain his sureties from the circle of his personal friends—those best acquainted with his circumstances and character; but with Mr. Bliss, for his second term, such was far from being the case. For his first term, he had taken his friends from his own vicinity; but learning that that trouble and responsibility was entirely unnecessary, for his second term, he availed himself of his enlarged experience, and accepted the proffered aid of more interested parties. His sureties were William S. Sullivant, Michael L. Sullivant, Thomas Moodie, Demas Adams, jr., Joel Buttles, A. H. Pinney, William Miner, and Jacob S. Atwood; all but the latter, residents of the city of Columbus; with all of whom, previous to his first election, Mr. Bliss had but very little, if any, personal acquaintance, and who were therefore uninfluenced by any considerations of a friendly or political character. The Treasury of the State of Ohio had, for a long period, been the source of profit to various banks and bankers; and upon the election of a new Treasurer, they at once adopted the most effectual method of perpetuating their interest, by placing him under personal obligations to do so; and as a more certain and effectual inducement, they, without doubt, intimated to him that he could, at the same time, without risk, or a violation of his official integrity, become a partaker with them in the profits resulting from the proposed uses of the public money. Influenced by considerations of a pecuniary character only, these gentlemen became the sureties of Mr. Bliss. Being men of unquestioned ability, the bond found ready acceptance, and was of itself an assurance to the public, to whom the inducement was unknown, that Mr. Bliss was entitled to its confidence and support.

W. S. Sullivant, President of the Clinton Bank, of Columbus, swears that he became the security of Mr. Bliss, with the expectation of a benefit to accrue therefrom to the Bank, by deposits to be made therein by him as Treasurer—that D. W. Deshler, the Cashier, agreed to share with him any liability that might arise in consequence of his becoming such security, and gave him an instrument in writing to that effect. That there were other banks whose representatives were also sureties, for the same reason. Michael L. Sullivant became one of the sureties, because he was solicited to do so by Demas Adams, jr. and Thomas Moodie, and because he said it would be an accommodation to the latter. Mr. Moodie became surety, not because there was any agreement or understanding to that effect, but it was expected the City Bank of

Columbus, which he represented, would be favored by the Treasurer's deposits. Mr. Deshler was not one of the sureties, but he states that Mr. Sullivant, the President, was one, not so much on his personal account, as the representative of the interest of the bank. Mr. Atwood was also a banker, and without doubt influenced by like considerations. W. S. Sullivant swears that there was, as he supposes, an understanding with the banks that a certain amount of interest should be paid to Mr. Bliss on his deposit account; and that in the City Bank of Columbus, there was an amount due him for interest at the time he went out of office, of $3,000 or $4,000, which his sureties considered as part of his assets, available to them to pay the amount due from him to the State, but the bank refused to pay it. Mr. Deshler swears that there was no agreement as to interest to be paid Mr. Bliss, but that there was interest paid to him. Upon deposits for which certificates were issued, interest was paid him at the rate of four per cent. per annum. Such deposits were claimed by Mr. Bliss as his private funds, but Mr. Deshler was "somewhat suspicious that they were in reality the funds of the State." These suspicions might have been to some extent removed, if Mr. Deshler had examined the books of his own bank for the record of some transactions disclosed in the testimony of W. G. Deshler.

Mr. Whitehill was the predecessor of Mr. Bliss, and the entire amount ascertained to be due, was paid by him to his successor a short time after his accession to office; except an item of $6,000, about which there was some dispute, but which was afterwards settled by the Fund Commissioners, by authority of the General Assembly. The real estate purchased of Mr. Whitehill to which reference is hereafter made, formed no part of the settlement. The whole sum, $405,612 80, was paid in cash.

Mr. Hume was the principal clerk of Mr. Whitehill, and was continued throughout the entire term of Mr. Bliss. An evidence of the expectations of Mr. Bliss, and of his opinion of the uses to which the Treasury could be put, and foreshadowing his intended operations through it, was his inquiry of Mr. Hume whether Mr. Whitehill had not made money as Treasurer, beyond his salary, and as to the means by which he was enabled to do it. Although the reply of Mr. Hume, that "if he intended to make any money in any way, out of his position as Treasurer, he did not want to know anything about it," did not fully enlighten

Mr. Bliss, it furnished an assurance that there was no probability of any disclosure through Mr. Hume that would endanger the success of any effort at "casual advantages" which might be made. During the entire official term of Mr. Bliss, the books were kept in a manner not highly creditable to either of these gentlemen, and certainly in no way satisfactory to those who have had occasion subsequently to examine them for the purpose of ascertaining their correctness. Mr. Hume's testimony will disclose the manner in which the accounts were kept, and the process of payments into and out of, and of transacting business generally with the Treasury; and also the fact, which, more than all others, has contributed to the defalcation, that large sums of money were paid into the Treasury without the knowledge of the Auditor, and therefore not charged to the Treasurer. This same error, so fruitful of evil and loss, was continued during the entire term of Mr. Breslin. A little legislative correction, properly administered, would have avoided a pecuniary calamity unparalleled in the history of any State, and as disgraceful to the State that permitted it as it was degrading and ruinous in every aspect, to those who participated in it. To the Legislatures which refused or neglected to apply the remedy when the evil was apparent, and to which their attention was frequently called, must ever attach a part of the public odium.

It frequently happened that days and weeks would elapse without entries being made in the books, except in the daily cash blotter. In one instance, to which Mr. Hume's particular attention was called, there were no entries from the 30th of June to the 15th of November, on which last named day, with the vouchers before him, he made all the entries from voucher 2780 to 2984, representing the transactions for the period named. He assigns as the reason, that he was the only clerk, and that it was impossible to make up the journals and accounts in any other manner.

Mr. Whitehill required, during his time, frequent footings and examinations; but during the term of Mr. Bliss, this was seldom done. The books of the Treasury did not show, on any one day, its true condition; and it was only known at the time of making up the annual reports for the fiscal year, ending on the 15th of November. Mr. Bliss testifies, that from the nature of the whole business, and from the manner of doing it, both at the Auditor's and Treasurer's offices, it was next to an impossibility to determine whether the cash on hand agreed with the accounts

on the books oftener than once a year. It is feared that Mr. Bliss was too much engrossed by the "casual advantages" of outside operations, to give to his office that strict attention which his own, as well as the interests of the State demanded. In this opinion, we are sustained by the testimony.

Mr. Follett says, that "from my intercourse with him, (Mr. Bliss,) and general knowledge of his official actions, I was impressed with the idea that he paid less attention to the duties of his office, than I should have done." W. S. Sullivant says, that after he became his security, he was not entirely satisfied with Mr. Bliss' management of his office. He thought him absent too much, and there were other circumstances that excited his suspicions as to his transactions.

Mr. Deshler states, that it was rumored that Mr. Bliss was connected in some speculations with a Mr. Chittenden, of New York, and was engaged in some real estate speculations, which led him to suspect Mr. Bliss was using money belonging to the Treasury.

The testimony of W. G. Deshler, Mr. Moodie, D. W. Deshler, and Thomas Heaton, shows that Mr. Bliss was the recipient of interest on his deposits of funds of the Treasury; and it does not appear that he ever accounted to the State for any portion of it. The amount he received, it is impossible to ascertain. There was an allowance to him of interest on some portions of his deposits with the City Bank of Columbus, but whether for his official or personal use, Mr. Moodie does not know; but he testifies that the claim of about $4,000, spoken of by Mr. Sullivant, was made by Mr. Bliss, but was not paid, although some of the directors were in favor, but a majority were opposed to the payment.

In his answer, February 26, 1851, to a resolution of the Senate, passed February 10, 1851, Mr. Bliss replies:

"To the third branch of the resolution, to wit: 'What amount of interest, if any, was paid by said banks on the funds thus deposited, either directly or indirectly?' I answer, not a farthing."

Compare this answer with the testimony, and with his subsequent refusal, in his examination before the Commission, to answer as to whether he received interest or not.

Wm. G. Deshler, teller in the Clinton Bank during the term of office of Mr. Bliss, testifies as to the payment of interest, and as to the extent and manner of keeping accounts with the Treasurer of State. Ap-

pended to his deposition, is a statement of certificates of deposit, and the payment of interest to Treasurers and Fund Commissioners, showing that he paid Mr. Bliss at least $2,306 as interest on deposits. This statement was made up by us from an examination of the bank.

So various are the modes of concealment resorted to by banks, of the payment of interest in such cases, or of any other illegal transaction, that it is only by accident that the casual examiner can obtain any clue to its extent, or even a fraction of the amount. Unquestionably, large sums for interest were received by Mr. Bliss from various sources, of which no definite intelligence can ever reach the public.

Shortly after Mr. Bliss became Treasurer, he commenced purchasing and speculating in real estate, in and near the city of Columbus. A statement of the conveyances to and from him, made out by us from the records in the Recorder's office of Franklin county, will be found among the testimony; from which it appears that he purchased—

From Joseph Whitehill, April 27, 1848, one-third of 20⅓ acres of land, adjoining the city of Columbus, for $1,500.

From Samuel Galloway, November 1, 1848, one-third of the same tract, for $1,450.

From Leander Ransom, November 21, 1848, one-third of the same tract, for $1,450.

From McCoy, Work & McCoy, May, 1848, lot No. 325, in the city of Columbus, for $5,000.

From Richard N. Sheldon, February 26, 1850, part of out-lots Nos. 62 and 63, in Ridgway's sub-division No. 3, for $1,200.

From Higgins & Galloway, March 18, 1850, undivided one-third of lots 298, 299 and 300, on High street, Columbus, for $1,500.

From Samuel Galloway, April 9, 1850, undivided one-third of lots 298, 299 and 300, for $2,000.

From Robert T. Cook, part of out-lots 62 and 63, in-lot 11, Ridgway's sub-division, for $1,866.

This property, although some of it was temporarily mortgaged, was all paid for by Mr. Bliss, and subsequently sold and disposed of at large advances upon its original cost; and its purchase is evidence of the truth of the rumors "of real estate speculations," alluded to by Mr. Deshler, which induced him to suspect that Mr. Bliss was using money belonging to the Treasury. By a reference to the report of the Joint Committee

on Finance, it is ascertained that a portion of this property was turned out by Mr. Bliss to his sureties, and disposed of for his benefit, at remunerating prices, to wit: In-lots 298, 300, and sub-divisions Nos. 3 and 11, of out-lots 62 and 63, sold for $13,000 cash; its cost was $3,066.

The 20⅓ acres near the city, was transferred to Bartlit & Smith, and was valued at $1,000 or $1,200 per acre; cost $4,400. Lot 325, in the city of Columbus, was sold for $12,000; cost $5,000; and his other property at corresponding advances.

Besides the real estate, there were other transactions of an alleged private nature, disclosed by the testimony of Mr. Bliss himself, Mr. Heaton, Mr. Sill, and by the books of the banks, involving the use of much larger sums of money than Mr. Bliss could, with any expectation of being believed, call his own. We think his testimony, and the other evidences we have obtained, fully justify us in the opinion, which is unhesitatingly expressed, that these operations in real estate and the purchase of bank stocks, were made with the funds belonging to the treasury; and that the deficit, at the expiration of his term of office, was in consequence a diversion of funds for such speculations and investments, rather than of any errors in his books. With such testimony, we cannot but conclude that these errors were outside rather than inside the office.

Mr. Bliss purchased and held $30,000 of the stock of the City Bank of Cincinnati, for which he paid $30,000 in cash. It appears from an examination of the books of that bank, that Mr. Bliss had an account in the individual ledger of the bank, and that there was to his credit, on the 15th of January, 1851, $34,098 16. It further appears, that on the 18th of that month, he purchased of John P. Reznor, a man conspicuous in nearly every fraud and loss connected with the treasury, $30,000 of the stock of that bank, giving his check for that amount in payment, which was charged to his official account on that day. Two certificates of $15,000 each were taken for this stock, not in the name of Mr. Bliss, but of Sylvester Bagg and Joseph E. Beebe. He continued to hold this stock until the fall of 1851, when $25,000 was sold for cash. The remaining $5,000 was subsequently sold, the money for which remained in the bank; and, together with $3,000, the dividend on the whole $30,000 held by him, formed a part of the balance of $8,603 16 to his credit, January, 1852, and which he transferred to Breslin by his check, in part payment of the amount due to him as his successor.

In reply to inquirers concerning this purchase of stock, Mr. Bliss says: 'I do not remember how I remitted the money for the stock I held in the City Bank of Cincinnati. It may be possible that I gave my check on the account of A. A. Bliss, Treasurer. The amount of stock I held was $30,000. I do not remember in whose name it stood on the books. If I did give a check for the stock, it was because I placed the money in the treasury at Columbus, and gave the check as a matter of convenience. I took the stock at the solicitation of John P. Reznor, President of the bank, who agreed with me to take the stock from me at any time I wanted him to do so. He did take the stock of me in the fall of 1851, before I went out of the treasury, and paid me in cash, and I placed a part of it in the treasury."

Why place the money in the treasury when the stock was sold, if it were private funds? and especially when he had "placed the money in the treasury at Columbus," when the stock was bought, and "gave the check as a matter of convenience."

In answer to a subsequent interrogatory, Mr. Bliss says: "I did not own the stock of the City Bank of Cincinnati as a mere cover to getting interest under the name of dividends. I took the stock in good faith. cannot remember why the stock was not put down in my own name. Sylvester Bagg was a lawyer in Elyria, and now lives in Waterloo, Iowa, and it is likely he is one of my bail for the first term. Joseph E. Beebe lives in Jackson, Michigan, and is my brother-in law. I presume I informed these persons of the fact that the stock was standing in their names." And he further states, that his settlement with Breslin, to whom he transferred the balance due him from the City Bank, it was possible that it was in part proceeds of the dividends due him from the bank, on this stock.

Mr. Heaton, its former cashier, testifies that Mr. Bliss kept a running account with the bank, in his name as Treasurer of State, averaging from $70,000 to $80,000. That in 1851, $30,000 of the amount standing to his credit, was diverted from his official account, and invested in the stock of the bank. That he gave his check on his official account for the $30,000, and received two certificates in the names of two of his friends in the northern part of the State; that during the time he held the stock he received dividends upon it; and that it was afterwards re-transferred to John P. Reznor.

Evidence more conclusive could not be required, that this $30,000 of stock was purchased with moneys belonging to the treasury, and which were not refunded until near, or after the expiration of his term of office.

There are other transactions of a character somewhat peculiar, beween Mr. Bliss and the City Bank of Cincinnati, illustrative of the intimate relations between that gentleman and the bank, and John P. Reznor, a man false in all his pretences and fraudulent in all his dealings, and to whose intrigues and treachery a large portion of the loss to the State can be traced. His influence, and that of his associates, was not confined to treasurers alone, but reached men in high places, and made them the instruments of loss and dishonor to others. Wherever we can trace the stealthy footsteps of this man, we find them leading to the robbery of the confiding and the plunder of the treasury. But he was not the only instrument of wrong.

In an examination of this bank, we find certificate No. 102, issued January 29, 1851, to Albert A. Bliss, to the order of himself; and on the same day the following entries:

OHIO STATE STOCKS. DR.

Certificate of Canal Fund, 5 per cent., 244..... .... $10,000
" " 6 " 22..... 10,000

Together, $20,000; and, subsequently—

WINSLOW, LANIER & CO. CR.

By Ohio State Stocks, on account of letter of May 5..... $20,000

And in the letter-book, this letter:

"May 5, 1851.

"To A. A. Bliss, *Tr.*,

"I hand you herewith certificate No. 244, for $10,000 Ohio 5 per cent. State Bonds, '65; and certificate 22,643, for $10,000 Ohio 6's, 1860, for which please return my certificate of $20,000.

"Yours truly,

"J. P. REZNOR."

To us, this transaction looks as if, on the 29th day of January, 1851, A. A. Bliss let the Bank have $20,000 of circulation, and took for it a certificate of deposit; May 5th, the bonds to protect this circulation were

bought and sent forward; and hence the request to Bliss to return the certificate of deposit.

This transaction was either such an one as intimated, or it was the surrender of bonds deposited with him as Treasurer, for the purpose of sale and transfer, without the return of the circulating notes of the bank, but upon its certificate of deposit only. Had the bank in the meantime failed, there would have been an over issue of its notes to the amount of $20,000.

Mr. Bliss also owned $25,000 of the full paid stock of the Summit County Bank. On the 6th of January, 1851, he was a stockholder in the bank for a small amount. On the 4th of March following, the capital stock was $60,000, of which Mr. Bliss held $15,000. On the 7th of April, he held $25,000; and on the 6th of October, John P. Reznor appears with $10,000 of full paid stock. In January, 1852, Bliss is still a stockholder; but between January and April, he sells out and disappears. This is another of the private transactions of Mr. Bliss, having, as he asserts, no connection with the Treasury. He is certainly entitled to the full benefit of his own explanations in regard to it, which we here give:

"I can not remember how and where I got the money for the $25,000 of stock I held in the Summit County Bank, at Cuyahoga Falls. I look upon it as a transaction entirely separate from the Treasury, and do not think it a matter into which this commission has any right to inquire. I did not use, for that or any other purpose, any public money, as I consider it; that is, any public money charged against me on the books of the State. The transaction never, in its inception or subsequently, had any connection with the funds of the Treasury; at least so far as the ownership of the money involved, was concerned. I may have remitted a check from the Treasury, or through Mr. Sill; but I do not recollect of such a fact; and if I did, it was because I had money of my own, and drew the Treasury check as a mere convenience."

In the case of the City Bank of Cincinnati, it was a "matter of convenience."

Mr. Bliss also held $4,800 of the stock of the City Bank of Columbus; and also $4,000 in the Lorain Bank; which was transferred to Bartlit & Smith; making an aggregate of bank stock held by him while Treasurer, and at one time, of $64,300;—together with real estate for which he had

paid between $14,000 and $15,000,—all accumulations during his term of office, with a salary of but $1,200 per annum; no insignificant "matter of convenience" or "casual advantage." Besides this, Mr. Bliss was enabled to turn over to his securities personal assets to the amount of $22,513, as appears by the report of the joint committee of finance, made in the spring of 1856.

What other speculations or investments, if any, Mr. Bliss may have had, are unknown to the Commission. With this state of facts, it is not at all surprising that Mr. Bliss ascertained, at the expiration of his term of office, that there was not as much money in the Treasury as there would have been if none had been taken out There was such a commingling and confusion in the funds and accounts of his office, that Mr. Bliss may not have been aware he was using the public moneys. His ignorance or innocence in this regard is indicated by his testimony. He says:

"I did not keep regular books of my own personal transactions. I intended, and believe I did, keep my own private funds and dealings separate from the Treasury. Such was at least my purpose, but towards the close of my term of office, it probably did occur that the two were more or less mingled together."

The intimate relations, during his term of office and since, subsisting between Mr. Bliss and Mr. Chittenden, a gentleman of losses and misfortunes, furnish grounds for just suspicion as to the integrity of many of their transactions with the Treasury. Fertile in resources and expedients, he was enabled to start the Seneca County Bank, and continue it in operation, with but little money, and without the deposit of State stocks with the Treasurer, as required by law, for a year, as the books of the bank and the Treasury both show. That part of the report referring especially to the Seneca County Bank, will fully exhibit the conduct of Mr. Chittenden in connection with it, and to what extent Mr. Bliss is compromised by it. It is known that there was a large over-issue of the circulation of this bank; but by what means, or through whose instrumentality, we are yet unable positively to determine. It is due to Mr. Bliss, however to say, that the the testimony taken in reference to it thus far, does not fully implicate him in the fraud. Mr. Bliss disclaims all knowledge whatever of the business of the bank, and denies most positively, that he ever permitted a dollar of circulation to be delivered

to this, or any other bank, without a previous deposit of stocks. He also denies that he ever purchased stocks for this bank, while the correspondence between him and the bank shows that he did so on several occasions.

The statement of Mr Breslin, recently made to the Commission, acknowledging himself to be chargeable with about $400,000 of the Treasury defalcation, but asserting, in the most positive terms, that no larger sums can be rightfully charged to him, if no other reason existed, makes it still more imperative upon us to carefully examine and closely scrutinize the settlements between Mr. Bliss and his successor, Mr. Breslin.

Before we obtained this statement, we had examined the official accounts and transactions of Mr. Bliss, during his entire official terms, as they appeared upon the books, to ascertain what should be their truthful condition at its close; and that we might know what amount should have been paid, and what he did actually pay to Mr. Breslin. To this particular important inquiry, much labor has been devoted; and we feel satisfied that the result to which we have arrived, cannot, from the same evidence, be materially changed. This labor has been much increased by the entire absence of a well conceived and properly executed system of accounts in the offices of the Auditor and Treasurer.

Mr. Bliss states, in his testimony, that at the time his accounts were made up to the end of the fiscal year ending November 15, 1851, he discovered there was a deficiency in the funds in the Treasury for which he was unable to account; and he says: "From what I could decide in my own mind, and from memorandums and my *private investments*, as well as the money in the Treasury, I was confident I ought to have money enough to pay every dollar that might be found against me. I claimed that the default was occasioned by wrong entries in the books, or by the loss of cash in some way unknown to me. I had no idea of the amount I would be in default at first, but it looked to me at one time as if it would be $200,000, but on examination, it was brought down to $65,000." At his second examination, Mr. Bliss stated, that he entertained the suspicion of a defalcation in November, 1851, without any communication from the book keeper or clerk. It was by ascertaining the amount with which the Treasury was chargeable at that time, and by an actual count of the money in the Treasury, and ascertaining the amount on deposit in the banks, that the deficiency became known.

The amount of funds on hand, deducted from the balance as shown by the accounts, left the deficiency. Its actual amount at that time, as near as I could calculate it, was between $80,000 and $90,000, but was reduced to $65,000 by money which I paid into the Treasury from other sources than the Treasury—that is, from my private funds."

The same process, the year previous, November 15, 1850, or at any period anterior, would have made known to Mr. Bliss the defalcation, if it previously existed; but the approaching necessity of accounting to his successor, precipitated a development that might otherwise, as "a matter of convenience," have been indefinitely postponed.

We have adopted several methods of determining the amount due from Mr. Bliss to Mr. Breslin, all of which produced substantially the same result. The fact that no provision was made by law for a full and perfect adjustment of all accounts, both in the Treasurer's and Auditor's offices, at the close of the official term of either or both, has tended much, by the absence of proper checks, to produce the defalcation, and now renders it exceedingly difficult to arrive at a satisfactory or truthful result. The Auditor had no official knowledge of the settlement by one Treasurer with another. The accounts in his office were, in fact, with the "Treasurer of State," although in form with the individual Treasurer, and continued from one fiscal year to another, intermediate balances by the Treasurers not being recognized, and the accounts not verified until the end of the fiscal year.

In the general ledger of Mr. Bliss, and of his predecessor, Mr. Whitehill, a "cash account" was kept, to which was charged, and properly, all moneys received into the Treasury, and to which was credited all payments from it. A careful examination of this account, to attest the correctness of its balance, and determine the liability of Mr. Bliss, shows the following results:

Amount disbursed by Mr Bliss, from the commencement of his first, to the end of his second term, January 12, 1852		$12,961,956 17
Amount received by him from his predecessor, Mr. Whitehill	$405,612 80	
Amount received from all other sources	12,003,406 40	12,409,019 20
Balance, being an excess of payments over receipts, as shown by the books, January 12, 1852		$552,937 67

This balance must be increased by an error in General Revenue account, of $51 01; and decreased by an error in National Road Fund account, of $1 00, and one or two small errors, making the actual balance of this account, as corrected, $552,987 19.

Mr. Bliss was enabled to make this large apparent advance, by moneys received by him from the County Treasurers after the 15th of November, 1851, with which he had not been charged, either upon his own, or the books of the Auditor. This balance was not, however, really the exact amount of the advances or over-payments by Mr. Bliss, but the amount as shown by his Cash Account in his General Ledger. There are two accounts, one to the debit, and one to the credit of Mr. Bliss, which do not appear on this ledger, or any other: but upon a small account book, the Treasurer being a disbursing agent only of the fund, and the account being kept separate from the others. One of these accounts is for the "Ohio Lunatic Asylum Fund," of which there were in the hands of the Treasurer, at the time referred to $5,805 88; which, deducted from the balance above stated, leaves $547,181 31, as his over-payment; but the other account mentioned, "New State House Fund," was overdrawn $123 08, which, added to the above, leaves a corrected and actual balance to the credit of Mr. Bliss, for over-drafts, on the 12th of January, 1852, when he went out of office, of $547,304 39.

This balance is the same as ascertained and reported in 1856, by the Senate Finance Committee, of which Mr. Kelley was chairman, (see Appendix to Senate Journal, p. 56,) with the exception of the error of $51 01 in General Revenue account, and other immaterial errors alluded to.

The report of the Joint Committee, of which Mr. Taylor was chairman, with the corrections referred to, fixes this amount as that to which Mr. Bliss was entitled to credit. We cannot, therefore, but feel assured of its entire correctness. We have been unable, after the most careful examination, to discover any error by which it can be changed. By this we do not wish to be understood as verifying every item of the account for we had no means of attesting the accuracy of such items as the following:

"*City Bank of Columbus,* *Dr.* *To Cash.*

For sundry deposits from Nov. 21, 1848, to January 12, 1852, inclusive, as per their account rendered in pass books written up, *subject to correction hereafter, if any error is discovered* .....$1,054,738 23"

"*Cash,* *Dr.* *To City Bank of Columbus.*

For sundry drafts on said Bank from Nov. 16, 1848, to January 12, 1852, inclusive, as per their account rendered in pass books written up, *subject to correction hereafter*, if any error shall be discov'd, $1,172,444 26"

These entries balance the account of that bank and balance the Cash Account, and determine the balance upon which is predicated the settlement with Mr. Breslin.

"Subject to correction hereafter" implies suspicion, and raises a doubt as to the accuracy of any settlement based upon accounts thus closed.

But the balance we have stated, being thus determined as the correct credit to which Mr. Bliss was entitled in his settlement with Mr Breslin, the next question presented is, for what should he be charged in that settlement? We can obtain no evidence that Mr. Bliss should be charged with any other moneys than those received by him from the county treasurers, from the 15th of November, 1851, to the 12th of January, 1852, and for which he had issued his official certificates, and which Mr. Breslin redeemed. As far as we could ascertain, all moneys received from other sources had been charged to him.

The amount of such outstanding certificates was stated by Mr. Breslin in his communication to the Senate, December 23, 1852 to be $868,-666 21.

The amount stated by the Senate Finance Committee was $849,-370 74.

The amount ascertained by us is $851,645 24. In the report of the Senate Finance Committee was omitted the following:

Certificate to the treasurer of Putnam county	$1,000 00
" " " Henry county	55 00
" " " Hocking county	2,219 00
Error in Fayette county	50
	$3,274 50
Deduct error in addition of their statement	1,000 00
Leaving to be added to the amount reported by them	$2,274 50

Which makes it agree with the amount we have stated, $851,645 24. Deduct from this sum the $547,304 39 to the credit of Mr. Bliss, and the amount is determined which he should pay in cash to Mr. Breslin, $304,340 85.

This settlement was private, and what amount was actually fixed upon by them is unknown.

Was this sum paid by Mr Bliss to Mr. Breslin in money? One of the inexplicable circumstances in the settlement between these gentlemen is, that no paper, or memorandum, or statement or receipt is found, or known to exist, exhibiting any mutually satisfactory evidence of the manner of settlement, or of the amount ascertained to be due, or of the money actually paid.

Mr. Breslin, in his report made to the Senate, heretofore alluded to, states the amount he received in money to have been $246,576 30, including the defalcation of $65,000 then unknown to the public; and the amount of outstanding certificates with which Mr. Bliss was chargeable, to have been $17,020 97 more than discovered by us, and stated as above; leaving due, therefore, from Mr. Bliss, and yet unpaid, according to Mr. Breslin's statement, $74,792 52.

In the report of the Senate Finance Committee, the balance due from Mr. Bliss on the 12th of January, 1852, is stated at $302,115 86; but by correcting the errors above designated, it will agree with the balance we have ascertained to be correct.

Mr. Sparrow, in his report, at page 11, states the amount received by Mr. Breslin from Mr. Bliss, to be $296,433 07, but this is merely a formal statement from the books, and is no evidence of the amount actually paid. If to this sum be added the $5,805 88, "Ohio Lunatic Asylum Fund," heretofore mentioned as being in the hands of Mr. Bliss, and with which he was chargeable, although not appearing upon the books, it will make the amount $302,238 95; from which deduct for the "New State House Fund," over payments $123 08, and the balance, $302,115 86 reported by the Senate Finance Committee, as above stated, is obtained—showing, therefore, that the amount stated by Mr. Sparrow (correcting the errors indicated, which probably arose from these accounts not being found upon the books,) was not the amount actually received, but the amount which should have been paid. Thus, all the discrepan-

cies are reconciled, and the amount we have stated, determined to be the amount which should have been paid.

We cannot ascertain from any other source than Mr. Breslin's own statement, that the outstanding certificates amounted to $868,666 21. If he can furnish any evidence of the correctness of that statement, it devolves upon him to do so. Neither can we ascertain from Mr. Bliss or Mr. Breslin, the parties interested more than all others, in a satisfactory adjustment of this difference, in any other manner than from their own statements, whether or not this sum was all that was actually due from or paid by Mr. Bliss. Mr. Bliss swears he paid Mr. Breslin about $230,000 in cash, and afterwards the amount of his deficit, $65,000, together, as he says, about $300,000,—but he has no memorandums or statement, or recollection of the kind of funds, nor of the exact amount, nor does he specify the source from which he obtained them. Mr. Breslin states that everything he received of Mr. Bliss, was entered in a memorandum book which is in our possession, and which, with a small bank account or memorandum book, in which Mr. Bliss kept some bank accounts and cash memorandums, alone contain any satisfactory evidence cotemporaneous with the transactions of the amount actually paid to Mr. Breslin, or the kind of funds, or the sources from whence obtained,—thus supplying, to some extent, the defect in Mr. Bliss' memory. Mr. Bliss states, there were memorandum or pass books used by him and Mr. Breslin at the time, in which the moneys were entered as paid, but that his is lost or mislaid. The book kept by Mr. Breslin is in his own handwriting, and is probably the book referred to by Mr. Bliss It was exhibited to him during his examination, and he verified its correctness as far as it went; but asserted that subsequent payments were made, not therein credited, and that it was not a full statement of all he paid to Breslin. Why not then produce his own record proving this to be untrue?

The following are the entries, showing the amounts received by Breslin from Bliss:

CASH DR.—JANUARY 12.

Jan. 12, To amount from A. A. Bliss—	
Sundry checks	$221 95
Check of J. D. Phillips	497 96

Certificate, Springfield Bank	$1,390 00
" Mad River Bank	800 00
" Bank of Marion	5,500 00
" Harrison Branch Bank	3,900 00
" Canal Bank of Cleveland	313 10
" Bank, Marietta	337 39
" " Athens	222 97
" " Piqua	441 36
" " "	261 39
" " "	1,800 00
" " Dayton	499 00
(In this certificate there is a difference of 22 cents between this and Bliss' account.)	
Certificate, Bank, Dayton	308 17
" " "	611 57
" " Piqua	498 50
" " Portsmouth	918 01
" " Sandusky City	1,503 59
" " Geauga	1,000 00
" " Mansfield	1,592 00
" " "	1,000 00
" " Chillicothe	1,206 81
" " "	1,572 32
" " "	1,314 61
" " "	695 97
" " "	400 00
" " Xenia	53 35
" " Toledo	200 00
" " "	14,869 93
" " "	184 00
" " "	247 50
" " "	420 00
" Hocking Valley Bank	58 14
" Merchants' Bank, Cleveland	5,994 00
" Bank, Muskingum	130 98
" " "	1,000 00
" "	3,000 00
	$54,954 67

Agreeing with Bliss' book, except error of 22 cents in Dayton Bank. This addition is not made in Breslin's book, but is here made to show the correspondence to this point, between the two accounts.

Check, G. Swan	$110 00
" A. A. B., Franklin Bank, Columbus	797 61
" " Clinton " "	22,894 59
" " City " "	7,997 20
Currency	18,794 00
Receipts	35 00
Draft on Dayton Bank	1,372 10
Cash	5,000 00
"	3,916 73
"	1,000 00
"	4,500 00
Check, A. A. B., Trust Company	10,000 00
Draft, City Bank of Cincinnati	8,603 16
Cash	1,665 16
Trust Company draft	8,000 00
Cash	48,464 72
"	363 48
" Brown, O. P.	3,000 00
Total, including the $54,954 67 as before	$201,478 32

The $48,464 72, entered in the above statement as "Cash," was the amount of the certificate of W. E. Chittenden, of New York; and the $363 48 is the exchange at ¾, which Breslin states he allowed to Bliss.

The entries in the book of Mr. Bliss, referred to, are in the handwriting of a clerk in the Treasurer's office at the time, and represent—

"CERTIFICATES HANDED OVER TO JOHN G. BRESLIN."

Jan. 7,	Certificate, Merchants' Bank, Cleveland,	2,671	$5,994 00
Dec. 31,	" Muskingum Bank, Zanesville,	1,964	3,000 00
	same	1,962	1,000 00
22,	same	1,943	130 98
20,	Commercial Bank, Toledo,	2,099	420 00
Nov. 10,	same	2,213	247 50
10,	same	2,214	184 00
Dec. 23,	same		14,869 93

Jan.	6, Commercial Bank of Toledo,	2,236		$200 00
Nov.	25, Hocking Valley,	1,459		58 14
Dec.	22, Chillicothe Branch,	3,162		400 00
	19, same	3,090		695 97
	27, same	3,113		1,314 61
	24, same	3,108		1,572 32
Jan.	7, same	3,126		1,206 81
Dec.	2, Farmers' Bank, Mansfield,	1,970		1,000 00
Nov.	24, same	1,939		1,592 00
Jan.	6, Bank Xenia,	1,397		53 35
Dec.	24, Bank Geauga,			1,000 00
	24, Sandusky City Bank,	3,153		1,503 59
	9, Portsmouth Bank,	1,053		918 01
	4, Piqua Branch Bank,	1,538		498 50
	10, Dayton Bank,	13		611 57
	10, same	12		308 17
	9, same	11		499 22
Nov.	19, Piqua Branch Bank,	1,525		1,800 00
	4, same	1,549		261 39
Dec.	11, same	1,540		441 36
	20, Athens Branch,	1,126		222 97
	Marietta,	2,366		337 39
	23, Canal Bank of Cleveland,	1,413		313 10
	21, Harrison Branch,	583		3,900 00
	Marion Bank,	198		5,500 00
Oct.	23, Mad River Valley,	3,018		800 00
Dec.	4, Springfield Bank,	121		1,390 00
	Check, J. D. Phillips,			497 96
	4, Certificate, Akron Bank, 3,211		$15 00	
Nov.	1, Seneca County Bank, 2,743		37 55	
	18, Garaghty check on Hubbard, 2,296		11 76	
Aug.	6, Hocking Valley Bank, 1,375		20 00	
Oct.	22, Check on Stanley (W. R. B.), 550		54 75	
Nov.	8, Pickaway County Bank, 63		32 03	
	Gillmore & Brotherton on Deshler, 4,725		30 86	
Dec.	11, Merchants' and Mechanics' Bank, Wheeling, 70		20 00	
				221 95
				$51,964 79

A careful examination of the bank accounts of Mr. Bliss, upon all the books known to exist or in which he ever kept any bank or bankers' accounts, in the office, discloses the additional, and not unimportant fact, that he had no balances to his credit anywhere, not transferred to and entered by Breslin in this account. It was not, therefore, from the banks in which he had deposits, that the subsequent payments to which he alludes were made; nor could they have been made in actual cash, at the time in the Treasury, for that could have been paid at once, and entered as cash. To pay what was actually in the Treasury required no further time. He is credited with having paid currency, $18,994, and with several items of cash, exclusive of the item of $48,464 72, the Chittenden deposit. The amount of "currency" and "cash" is as large as was generally permitted to accumulate in the Treasury, as the "casual advantages" were materially lessened by its presence. It is not true as stated by Mr. Bliss in his testimony, that he kept an account, in his books in the Treasurer's office, with W. E. Chittenden, the same as with banks, or other depositories. It is a suspicious circumstance, that so large an account as this must have been, was a private or concealed one. The circumstances connected with the transfer of this indebtedness to the State, and the subsequent loss of the greater portion of it, are fully detailed in the statement of Mr. Breslin; and it is for him and Mr. Bliss to reconcile their conflicting statements in regard to it. We have no hesitation in saying, that if Mr. Breslin's statement concerning the transaction be true, Mr. Bliss is, to an equal extent with him, responsible for this loss to the State. It may be proper to state, for a more full understanding of these entries, that although these payments were made as of the 12th and 13th of January, 1852, yet they were not in fact made for some days and weeks afterwards, as the dates of the checks upon several of the banks for their balances fully show.

Now if Mr. Bliss paid more than the amount here credited to him, and the $65,000 subsequently paid through his sureties and Bartlit & Smith, from what source did he, as Treasurer, obtain the money? To make these payments he had exhausted all his bank resources, and there were no moneys in the hands of any one, so far as his books show, or we can learn, to be thus applied. Assuming, therefore, in the absence of all evidence on the part of Mr. Bliss, except his statement, and the peculiar receipt given by Mr. Breslin, and we think every circumstance fully jus-

tifies this assumption, that no further sum than the $201,478 32 was paid in cash to Mr. Breslin, and adding to it the $65,000 subsequently paid through the sureties, we find that $266,478 32 was the full amount paid by Mr. Bliss to his successor. Deducting this sum from the $304,340 85, the amount shown by the books to be due, and a balance of $37,862 53, is found to be yet due from Mr. Bliss to Mr Breslin, or to the State Treasury.

He undoubtedly considers himself relieved, and the State concluded from further demands, by his receipt from Mr. Breslin, of which the following is a copy:

TREASURY OFFICE, OHIO,
Columbus, Oct. 20, '52

Received of Albert A. Bliss, Esq., late Treasurer of State, payment in full of all balances charged against him, as said Treasurer, on the books of this office, January 12, 1852, and all indebtedness that has appeared against him as Treasurer up to this date.

J. G. BRESLIN,
Treasurer of State.

There were no balances charged against Mr. Bliss, as Treasurer, on the books of his office on the 12th of January, 1852. There was a balance *in his favor* of $547,304 39, because certain moneys he had received had not been charged to him; and it was for these moneys he was to account, because Mr. Breslin, and not Mr. Bliss, was charged with them on the books of the Treasurer's and Auditor's offices, and had to account for them at the end of the ensuing fiscal year. The fact that this receipt specifies no amount, is an impeachment of its conclusive character. It is a suspicious circumstance. The books show for themselves, that there were no balances against Mr. Bliss on the 12th of January, 1852, and demonstrates that the receipt, so far as it relates to those balances, shows nothing—proves nothing, but that it was not intelligently drawn. But Mr. Bliss may say it has a saving clause in these words, "and all indebtedness that has appeared against him up to this date." What official indebtedness could a State Treasurer have, that did not appear upon his books? He should have none; but he did have a large amount.

Mr. Breslin, in his communication to the Senate, said it was $868,666 21. We fix it at $851,645 24, and it is for this amount Mr. Bliss must account. The credit to him on the books, January 12, 1852, of $547,304 39, is part

payment, because available to Mr. Breslin in his settlements; but he should show that he paid the balance of $304,340 85, which the receipt certainly does not. If it does prove payment of that amount, it would also prove the payment of $150,000 more, if an error to that extent should be hereafter discovered in the accounts of Mr. Bliss.

Whether or not, at this late day, after the Treasury matters have become so complicated, any legal steps be taken to ascertain the correctness of our conclusions in this respect, Mr. Bliss owes it to himself, to his sureties, and to the public, to prove, by other testimony than this receipt, the full payment to Mr. Breslin of $304,340 85. During the progress of this investigation, every opportunity has been afforded Mr. Bliss for furnishing all the evidence in his possession or control, to fully exonerate himself from any suspicion of misconduct while in office. For a long time we endeavored to procure his attendance before us, to give his testimony, but we had reason to suspect he intentionally avoided us; in fact, he positively declined to appear before us. Our subpœna called upon him for the production of all books, papers, and memorandums whatsoever, relating to his official transactions. When, after a long delay, but not until we had presented ourselves to him at Elyria, rather than he to us, he was compelled to testify. He produced no books, or papers, or memorandums, of any description, in reference to his settlement with Mr. Breslin, and the circumstances connected with it.

His letters to us, appended to our report, will best exhibit his feeling and fears upon the subject. His presence here in Columbus, immediately upon the defalcation becoming known, and his intense anxiety in relation to it ever since, to our minds, indicate most clearly that there is something yet concealed he hopes may not be disclosed. Why should he fear the shadow he himself would cast, if the light of truth should shine upon him?

II. JOHN G. BRESLIN.

The second duty assigned to us was to investigate the official accounts, transactions, and conduct of John G Breslin, late Treasurer of State.

Public opinion had fixed upon this as one of the most important subjects of inquiry with which the Commission was charged. We have, therefore, devoted much time and patient examination in the effort to

obtain such a solution of all the mysteries of the defalcation as would be satisfactory to ourselves, and as demanded by the people. We believe the testimony we have taken, will disclose such facts and circumstances as point with unerring certainty in the direction from which a more full and perfect development must come. The principals, and a part of the confederates, are known; and no effort at concealment can much longer avail.

A previous Commission, appointed under the act of April 8, 1856, and March 30, 1857, had reported to the Governor, that the entire amount of the moneys missing from the Treasury, unaccounted for, ($574,110 46) had been abstracted by John G. Breslin; but in the view of many, the proof adduced to sustain such an opinion, was not of such a definite and satisfactory character, as to convince the public mind of its entire correctness. For that, or any other report, to be fully sustained, there must be a universal conviction of the truth and justice of its conclusions.

It was not, for a moment, supposed by any one, that Mr. Breslin had stolen $574,110 46 from the public Treasury, and had that amount concealed or invested for his own use in any quarter; neither was it believed that Mr. Gibson alone was accessory to this crime, or the concealment of the money; for it was too stupendous in its amount to be grasped at by either or both of these men, with any hope of avoiding detection and certain punishment Such robberies require aids, accessories and abettors, antecedent and subsequent; and are the results of many, instead of the consequences of any one act. Such, we believe, was the public opinion after the appearance of Mr. Sparrow's report; and it, doubtless, superinduced the subsequent legislation by which the present Commission was created, with enlarged powers and full authority to make an extended and thorough examination into all the causes of the defalcation, and to fix, if possible, the responsibility where it rightfully belongs. To accomplish this, the truth, and the whole truth, must be made known; and it is idle to believe, that the public mind will ever be satisfied with less, or be quieted while this great wrong is unproved or unacknowledged, and any of the perpetrators are at large and unpunished.

It had fallen to the lot of few young men in the State to attain the prominent and influential position occupied by Mr. Breslin, previous to his election as Treasurer of State. He had been Speaker of the House of Representatives upon his first election to it; and no man, however

ambitious, could have desired a brighter future than that opening before him. With manners and tact in social and friendly intercourse, admirably calculated to win for him hosts of personal friends, and to attach them to his interests—with an admitted ability to discharge creditably every duty that might devolve upon him—he entered upon the duties of the office to which the partiality of his friends and the success of his party had elevated him, with the friendship and good wishes of all. But it seems there were temptations in the way, which he had neither the disposition nor the power to resist; and the result has been, that his errors—to use no harsher expression—have terminated in misfortune, and with blasted prospects, a disgraced and ruined man, he is now a fugitive from the State.

But before we proceed to the examination of Mr Breslin's transactions and conduct in the detail, it may not be improper to advert to the state of public opinion at the time, and for years previous to his election, in regard to the right to use public treasure for the benefit of the Treasurer, or of those having no legitimate connection with it, for such explanation of his conduct as it may afford. We do not wish harshly to condemn errors of judgment only, or to make one man responsible for the errors of a whole community. In Ohio, and we think we may venture to say in many other States, the Treasury was considered by many as the special and rightful subject of banking depredations, not in the way of direct abstractions or thefts of money, but as affording facilities to the shrewd within it, and their friends without, to become enriched without incurring risk of loss, or danger of exposure. It was so much additional capital furnished by the people for the use of the chartered few. The practice had obtained, and was publicly known to exist, with but little comment, and without condemnation, and without law to effectually prevent it, that the Treasurers of State, and city, county and townships were depositing moneys in their official keeping, with various banks and bankers, upon which they received interest as a perquisite of their offices, and for which, of course, they never accounted to the State or other authorities, their depositories in the meantime using the funds thus deposited for their purposes, and stipulating to afford every facility to the Treasurers for concealment. Occasionally the attention of the Legislature would be called to the subject, but some resolution of inquiry, ill-conceived for any effectual purpose of expo-

sure, and misdirected by some participant in the profit in the Legislature, and therefore easily avoided by those skilled and practiced in these illegal operations, would be the only attempt at investigation. Thus, year after year, with the perfect knowledge, on the part of the people and the General Assembly, that such practices existed, both the Treasurer and his depositories continued to enjoy a perfect immunity from legislative inquiry and exposure; and emboldened by success, and enriched by these unlawful gains, they grew more "liberal," and more reckless of risks. As evidence of the utter disregard of laws as they existed at the time of the transaction, Messrs. Sill, Woods and Bliss, Canal Fund Commissioners, made large loans of the Sinking Fund to the Little Miami, Cincinnati, Hamilton and Dayton, Cleveland and Columbus, Cleveland and Pittsburgh, and the Akron Railroad Companies; and still worse, to the Columbus Insurance Company, which latter loan, the General Assembly, in 1856, absolutely legalized—thus relieving the State officers from liability for a loan to a bankrupt Insurance Company, made in the very face of a law forbidding it.

But the number of these leeches was not to be decreased; and new plans had been devised, and other subjects secured to satisfy their demands. All that could be desired had been admirably accomplished in 1845, when under the bank laws, new depredators, in new forms, and still more ravenous, were created and scattered throughout the State, that they might feed upon county Treasurers, and enjoy a brief use of the people's money before it reached its final destination, the State Treasury. The County Treasurers, and even Township Treasurers, following the example of those in higher positions, were soon taught by their adjuncts, their "interest" in the Treasury, and with what ease they could "make a little" without incurring any risks. They at once added their opinions and influences to sustain the existing abuses. In locations where no chartered banks were established, still another swarm of more hungry and less scrupulous financiers sprung up—the bankers and brokers—with two and three per cent. a month proclivities; and they, working in primary and ward meetings, and at the elections, nominated, elected or defeated, the man who was "with" or "against" them in their efforts.

When an honest Treasurer was found who would listen to no suggestions, and accede to no demands to loan or deposit, he was requested to

permit his friend simply to "assort" his currency, as there might be a little advantage obtained, even from this handling, in the way of "exchange." Thus were all receivers of the public moneys subsidized for the purpose of sustaining these outrages upon the security of the Treasury, and the fidelity of the officer.

So intimately blended were the transactions of County Treasurers and small bankers, that in some parts of the State, to the personal knowledge of some of the members of this Commission, upon court houses were banker's signs, and from the very doors of the Treasurer's office protruded "Bank," while within, occupying the same office, and owning the safe in partnership with the county, was the banker who loaned the people's money at three per cent. per month, and perhaps "assorted" for the Treasurer.

Combined as one man, these interests were formidable at the polls, and in the Legislature, and in fact, created that public opinion which seemed to justify the uses of public money for the individual benefit of the Treasurers and their friends. A bank, or a broker's office, became the County Treasury—the depository of Canal tolls—and of the receivers of public moneys of all kinds; and a bank became the State Treasury for nearly all purposes of receipt and disbursement of the public moneys. Officials were interested in this condition of things—public opinion justified it—and the laws did not effectually forbid it. He who predicted that evil would grow out of it was pronounced a hard money, visionary extremist, and an enemy to the business interests of the State.

It is in vain to deny that public opinion had, for years, permitted and sanctioned this use of public funds, by State Treasurers and other receivers, for their own benefit and advantage. The law which prohibited this perversion of the public money to the personal uses of the Treasurer and his favorites, existed, only as a dead letter on the statute book. Public opinion had failed to demand that it be put in execution and hence the Courts and officers of the law made no attempts to enforce it. Treasurer Whitehill, the predecessor of Mr. Bliss, received interests on his deposits; and Mr. Bliss as has been proved to us, received interest upon his; and all in direct violation of every sound principle of public policy.

If a public officer be permitted to put public money at interest for his own benefit, he may claim the right to use it for the purposes of speculation in any other way; and if the right to use public money is granted or its use permitted, and no rule prescribed limiting or regulating it but the judgment of the Treasurer, the loss consequent upon his errors of judgment cannot constitute crime; for he makes his judgment, and not the law, the measure of safety, and the public should not be too ready to censure or condemn him. The great first cause of the evils we are discussing, in these preliminary remarks has been the recognition of banking institutions as a part of the Treasury of Ohio, or as in any way essential to the transaction of its legitimate business. There is not a loss to the Treasury, that has not been occasioned directly by them, or been the consequence of some policy which they have initiated.

A Treasurer has the same right to use public money himself, as to permit a bank to use it; and the effort of concealment on the part of the bank—of the payment of interest to the Treasurer—or of the use of public money for itself, is as much to be censured as similar conduct on the part of an individual. Because the protecting shield of a "charter" surrounds a bank, it does not lessen the turpitude of a transaction, by its officers or managers. When they hold out inducements to a Treasurer to violate either the law, or any safe rule of action, they should receive their share of condemnation. They are more dangerous to the safety and interests of the State, because their charter gives them legal facilities for concealment, and to a certain extent protects their managers from individual punishment. We do not consider that it is the security or safety of a deposit, or the fortunate termination of an adventure that relieves it from criminality. The crime consists in the use, for their own benefit, of that which, by law, sound morals, and correct principles of public policy, they have no right to use, whether that use results in a loss or otherwise. And he who induces a Treasurer, by offer to become his surety, or by a bribe in the form of interest for his benefit, or otherwise, to use, or to permit others to use, moneys which they, in their consciences, know of right do not belong to him, and which were in no way, however remote, to be treated and used as private property; or who sneers at the sacredness with which a truly honest man regards the public money; or who assists in concealing such practices, and scouts

at their illegality or immorality,— should be subjected to the same condemnation.

Among the evils of these uses of the Treasury is the inducemennt to draw from the people, in the way of taxes, a greater amount than is necessary for the public service, and then to delay the expenditure for the purpose of profit. Hence, these men are not unwilling to incur large expenditures because of the necessity of additional taxation, (from which they claim an immunity by virtue of a bank charter,) especially as they have the temporary use of the money for their benefit. These banks and bankers' offices become, therefore, toll-houses in the transit of public money from the people to the Treasury, and again in its payment from the Treasury into the hands of those by law entitled to it.

When Mr. Breslin was elected and took possession of his office, public opinion was to a great extent as we have described it To correct this vicious public sentiment, had been one of the great purposes sought to be accomplished by the discussions which resulted in the election of Mr. Breslin over Mr. Bliss, who was again a candidate for the post he had held for the preceding five years. Mr. Breslin's friends everywhere called attention to the wrongful use heretofore made of the public money. The loans of Messrs. Sill, Bliss and Woods, from the Sinking Fund to the various railroad companies, were the theme of open and persistent denunciation. These denunciations were a virtual pledge from Mr. Breslin to the public, that wrongful practices in this regard would find no favor or countenance at his hands in the event of his election. Unfortunately for the State, and for himself, the wishes and designs of those who supported him, in the belief that a change of men would bring a change of practice in the Treasury, were less potent in influencing his action than were the seductive wiles of a patronizing class, who were then, as ever, prompt in suggesting modes by which the idle money of the Treasury could be used to the mutual advantage of himself and the various "public institutions," (such as banks, railroads, &c.,) whose success it was their religion to believe, it should be one of the highest objects of a public officer to promote, by any incidental advantage he could give them.

He was at once, upon his induction into office, as appears from his own statements and the proofs, surrounded by those who had theretofore enjoyed the benefits of the use of funds in the Treasury. He was

not so stupid as not to know his predecessor had the reputation of "making money beyond his salary," nor so fixed in his principles of right, as not to endeavor to follow the example. That the interest to which we have adverted, had no imaginary existence, but was an active, persistent and powerful interest, commanding influence in all directions for the accomplishment of its purposes, in inducing Mr. Breslin, who was perhaps, not an unwilling victim, into its snares, is clearly evidenced by the means resorted to in approaching him. Men are often unconsciously made the instruments, in the hands of the designing, to accomplish their objects of profit or plunder. The hidden purpose is not disclosed, and an act of apparently disinterested friendship is solicited and extended, by which the way is opened that leads ultimately to the perpetration of a great public wrong. With no other design but to illustrate our position, we trust we will be justified in alluding, in this connection, to a letter of Gov. Chase to Mr. Breslin, which was published in 1857, the authenticity of which has never been authoritatively denied, advising him to make deposits in the City Bank, and Mechanics' & Traders' Bank of Cincinnati, two institutions which were then rotten to the core. Gov. Chase was then in the United States Senate, and, certainly as much beyond the reach of any corrupting influence as any man in the State. Yet this unseen power reached him, and drew from him no unimportant communication. Mr. Breslin had been his friend, and one of those who aided in his election to the Senate, and must have been supposed, by those whose far-reaching sagacity prompted the request, then subject to his influence. The following is a copy of the letter:

"PRIVATE. CINCINNATI, Dec. 30, 1851.

"MY DEAR SIR:—I enclose Mr. Heaton's letter, which speaks for itself. I take it for granted, that so far as the Treasury makes deposits in Cincinnati, they will not be continued with the Trust Company. The City Bank is, I have no doubt, a safe institution, and is managed by excellent and liberal men. I speak the more impartially, as I never borrowed a dollar from them.

"I presume that your arrangements as to depositing here, are already made. If not, though I am bound in justice to say what I have for the City Bank, I should feel still more bound to ask your favorable notice of

the Mechanics' & Traders' Bank, with which I do all my own business, but in which I have no interest as stockholder or otherwise.

"Yours, truly,

"S. P. CHASE."

"P. S.—I suppose it rather too late to congratulate you on your election, which, nevertheless, I do most cordially, as I did also what lay in my power to secure it. May your important duties be so faithfully and ably discharged as to justify the confidence of your friends, and add to theirs that of the whole people."

We doubt not, that similar letters were written to Breslin and other Treasurers, from equally influential quarters, but they have not yet seen the light of day. The most common mode to secure deposits, was a personal visit, accompanied by all the appliances of tact and talent, and imposing personal appearance, seconded by flattery, deceit and certain social influences, to which Breslin was but too ready to yield.

That precisely the same influences reached and controlled Mr. Bliss, we have no hesitation in saying.

At the inauguration of the first administration, in 1852, after the adoption of the new Constitution, the facts we have stated were so glaringly apparent, and the suspicion existing that Mr. Breslin was placing himself and the funds of the State in danger through the influences we have described, the attention of the Legislature was called to the then almost entire absence or inefficiency of the laws for their security. An effort was made to procure the passage of such laws as would have secured a frequent personal inspection of the Treasury by proper officers, and effectually protected the State against losses arising from official misconduct. Although the effort was persistent, it failed of success, because it would have been at once a death-blow to all further attempts at plunder.

Since the Treasury has been robbed, better laws have been passed for its protection, which we hope to see more and more perfected in the true direction towards a total separation of the fiscal relations of the State from paper money, and the deleterious influences of its devotees.

Although these laws are just and necessary, this ever to be dreaded influence is at work, through all its devious ways, to destroy their effectiveness, prevent their full execution, and in fact, to nullify them. Wherever

an Independent Treasury law of this State is unsustained or denounced it may be justly assumed that influences are at work which, if left untrammeled, would again lead to another defalcation.

Breslin's secretiveness in these matters developes itself on nearly every page of the testimony we have taken. What he most dreaded, and most studiously avoided, was making a confidant of such personal and political friends as were known to him to be opposed to the evil course he was pursuing; and his confidants are therefore found to be the men who, without a spark of true public morality, and void of every appreciation of public virtue, became his aids and abettors, and never by word or deed upbraided him. Impressed with a consciousness that he was pursuing a course not sustained by those who placed him in office, and which would not be approved by his real friends, he withheld from them all knowledge of his transactions, because he the most feared and dreaded their censure.

In the examination of the official transactions and conduct of Mr. Breslin in the detail, the first important act was his settlement with his predecessor. We have shown in that part of our report having a more special reference to the transactions of Mr. Bliss, that at the time he went out of office, he was, in fact, though not publicly known as such, a defaulter to the Treasury. That a large amount which appeared to be due from him to the State, was not paid until nearly four years after the expiration of his term of office; and as we now believe, and think we have satisfactorily shown, a part of the moneys received by him while Treasurer, yet remains unpaid to the State.

In this settlement with Mr. Bliss, Mr. Breslin seemed entirely to misunderstand the nature of the position he occupied. The consideration of the embarrassments, misfortunes or distresses of Mr. Bliss, was no part of his official duty; neither could his personal sympathy for Mr. Bliss so change their relations to each other, as to render their settlement of a private, and not of a public character. In no rightful, legitimate, or legal sense could it have been private. Being entirely official, the attempt at concealment was a gross violation of official as well as personal integrity on the part of both. They were sworn public officers—acting in a public capacity, and dealing with the public money—and every act should have been a matter of public record. And we cannot but regret that the sureties should have advised or permitted a private

settlement, which, in its very nature, more or less compromised them; and especially when withholding from the public full knowledge of the transaction, when it was sought to be obtained by legislative authority. The full disclosure, at the time of the settlement, of all the facts since brought to light, would have led to such investigations into the affairs of the Treasury, as would have secured proper legislation and effectually prevented a further abstraction of public money, and saved Mr. Breslin from disgrace, and the State from an enormous loss.

For a full understanding of the accounts of the Treasury, and of the responsibility of Mr. Breslin, and to what extent it reached, it must be borne in mind, that a general settlement and balance of all the books in the offices of the Treasurer and Auditor is made only at the end of the fiscal year, November 15; and that Mr. Breslin was charged on the books of the Auditor, who was then the only legal accounting officer with the Treasury, with the balance in the Treasury, November 15, 1851, and with all the payments into it, until the end of the next fiscal year, and so on to the end of his second term; although, all that which was received from the 15th of November, 1851, to the 12th of January, 1852, was received by Mr. Bliss; and also, that he, or the Treasury, was credited with all the disbursements made from November 15th, 1851, to the 15th of November, 1852, making Mr. Breslin, therefore, in fact, the Treasurer from November, 15, 1851, and accountable for all the moneys received from that period, including the balance then stated to have been in the Treasury, $312,-699 25, until the expiration of his second term of office, January 14 1856. The importance, therefore, to him of determining the accuracy of his settlement with Mr. Bliss, and in fact, the accuracy of the balance, November 15, 1851, is apparent. Mr. Breslin being, by a specious law, purposely enacted the only accounting officer with the outgoing Treasurer, should at once have applied himself to ascertaining from every source within his reach, not secretly, but publicly, the exact state of the accounts of the former, and should have left upon the public records every evidence of the settlement. If he and Mr. Bliss had pass-books and memorandums, which enabled them to know what the public has never known, and what the books do not now show—the manner and circumstances of their settlement—they were public property and should have been left for public use.

According to the books of the Auditor, there was received into the

Treasury, for which Mr. Breslin was accountable, from the 15th of November, 1851, to the 15th of November 1855, from all sources, $13,228,587 55. The balance remaining in the Treasury, November 15th, 1851, was $312,699 25, making $13,541,286 81, as his total liability, November 15, 1855. Add to this, $68,745 14, the amount received by him from the last named day to the 14th of January, 1856, and it makes $13,610,031 95, as the gross amount charged to Mr. Breslin, and for which he had to accouut. It appears, from the same source that there was disbursed from the Treasury, from the 15th of November, 1851, to the 15th November 1855, $12,837,916 73; and from that date to the 14th of January, 1856, the further sum of $546,123 51, making the entire disbursements, from the 15th of November, 1851, to the 14th of January, 1856, $13,384,040 24; leaving a balance in the Treasury at that time, of $225,991 71, which Mr Breslin should have paid over to his successor, Mr. Gibson.

The Treasurer's books show, that the balance in the Treasury, on the 14th of January, 1856, was but $204,987 95; the difference being accounted for by the Treasurer having credited himself with sundry sums paid for exchange, which had not been allowed by the Auditor. As this difference is not material in determining upon whom to fix the responsibility for the defalcation, and as its settlement is not devolved upon us, we will make but this single remark in relation to the subject generally. As long as the State receives for her public dues that which is not available, because not gold and silver, for the payment of interest and the redemption of her public debt in New York, the difference required to make it available must be paid in the way of exchange; and it is safer and better to pay it directly from the Treasury, and in pursuance of law than to permit it to become a miserable pretext for drawing money from the Treasury in advance of its legal application for the use of banks and the Treasurer, and thereby incurring risks and losses under the pretence of obtaining exchange "free of cost to the State."

In the minds of some men it is saving money to the State, when it is not paid directly by the Government, though the people pay twice as much for it in another form; as if the State was not the Government of the very people from whom revenues are thus collected which never see the State Treasury. We hold that industry pays for every turn of the wheel of Government, and of the hangers on upon it; and it is, there

fore, of the very first importance, that all public pecuniary dealings should be open and direct, avoiding all circuity and deceit. Why conceal from the people the fact that the use of paper money entails upon our Government an additional tax for exchange — being the difference in the value between our own false currency and that of the Constitution, and the specie standard of the commercial world.

It is not to be inferred from these remarks, however, that the deposit of money in the banks, was not the voluntary act of Mr. Breslin. The Commissioners of the Sinking Fund, as set forth in each of their semi-annual reports, from December, 1852, to January 1856, found Mr. Breslin wilfully persisting in the loaning of the public money to banks. This practice was kept up, against the wishes and in defiance of any power possessed by the Commissioners to control it. They therefore gave Mr. Breslin notice, at each semi-annual payment of interest, that so long as he "persisted" in giving the use of the public money to the banks, the Commissioners would insist that the State should not be taxed for the payment of exchange. In fact, they offered to receive the money from him at the State Treasury, and procure the exchange without cost to the State. Without assuming, therefore, to decide how far the Treasurer can maintain, either in law or in equity, a rightful claim to a credit for his alleged expenses in the purchase of exchange, we have taken the balance, as shown by his books, to be the amount of the funds in his hands, to be paid over to his successor, on the 14th of January, 1856, not including, of course, any amounts he may have received with which he was not charged. The Senate Finance Committee, and the special Commissioner, Mr. Sparrow, have adopted this same amount of $204,-987 55, as the correct balance in the Treasury at the time specified.

Before we proceed to show what disposition was made by Mr. Breslin of this balance, and of such other amounts as came into his hands not appearing upon the books, we will examine his transactions and conduct while in office, as disclosed by the testimony. Whatever may have been Mr. Breslin's ideas of right at the time of his election, or his opinion of the wishes of those who elected him to office, he seems to have placed himself in the vortex for destruction within a very short time after he entered upon the discharge of its duties. As we have before stated, he concealed the defalcation of Mr. Bliss, and entailed thereby upon himself all the consequences of his duplicity and folly. Finally he re-

ceived from the sureties of Bliss, or from Bartlit & Smith, with whom they arranged for the payment of the deficit, a part of it in what was less than money, and never was, as we believe, available as money to the State. Until Mr. Breslin explains from what source he obtained the Columbus, Piqua and Indiana Railroad bonds and stock, (between $15,000 and $20,000), which he has tendered to the State, we think we are justified in the assumption that they were received from Bartlit & Smith in part payment of the indebtedness of Mr. Bliss. Such securities have been flying around between Bliss and Chittenden, and Bartlit & Smith, until they at last find a resting place among the State securities.

When Bartlit & Smith assumed to pay Breslin the then unpaid balance of the deficit, Bliss transferred to them $9,000 of these bonds, which B. E. Smith swears he sold to J. R. Hilliard. In April, 1854, Hilliard purchased of Bliss, in-lot No. 325, in Columbus, for $12,000 income bonds of the Columbus, Piqua & Indiana Railroad Company. After the railroad failed to pay interest, Hilliard sold the property to Bartlit & Smith, instead of re-conveying it to Bliss, who returned to him the bonds, and the mortgage he had given Bliss was cancelled. Subsequently, the bonds were transferred to Bartlit & Smith, to protect them against a mortgage existing upon a piece of property Hilliard had sold to them, lying on the east side of High street, Columbus, near the depot. Between $15,000 and 20,000 of such bonds and stock are now under the control of Breslin, as the property of the State, which he proposes to deliver to the Attorney General when he obtains possession of them, with the explanation due in relation to them. Until that explanation is made, we can, from the testimony now before us, come to no other conclusion than that here stated.

Mr. Breslin, at the time of his settlement with Mr. Bliss, received from him a certificate of deposit of W. E. Chittenden, banker, New York, for $48,464 76, as money, which was in violation of law and of every just rule of official conduct, and either by his own remissness, or by the advice of Mr. Bliss, the larger portion of it was lost to the State. In our opinion, this sum was not in fact available to Mr. Bliss as money when he sought to transfer it to Breslin, and hence his solicitation that it should be permitted to remain undisturbed in Mr. Chittenden's hands until the July following. Inducements to withhold a demand, were undoubtedly held out to Mr. Breslin, not disclosed in the testimony, for, unfortunately

for the reputation of these men, as well as for the interests of the State, they are unwilling witnesses. As this never was a payment of money by Mr. Bliss into the State Treasury, or to the State Treasurer even, we cannot see by what rule of law, or by what principle of justice, he, or his sureties, can be discharged from their liability for the payment of the balance due of $35,000 or $40,000. The testimony of Mr. Bliss—the statement of Mr. Breslin—and the testimony of Mr. Gibson, all show that this never was a payment of money into the State Treasury. It never, in its inception or at its close, partook of the nature of an official transaction. It was entirely private—known to be such by Mr. Bliss—and was continued as such by his advice, and at his solicitation. The account with Mr Chittenden was never kept upon the books of Mr. Bliss, or the books of the Treasury, as a public or official account, for it nowhere appears; and the mere transfer of the indebtedness of Chittenden to Breslin, could not constitute a payment into the Treasury. It was an illegal transaction throughout, and in no way concludes the State, or discharges Mr. Bliss, or his sureties.

Besides the gross violation of official duty on the part of Mr. Breslin, in his agreement to conceal the defalcation of Mr. Bliss, he still further aggravated it, by permitting the sureties to give their checks for $65,000, payable in two years, without interest, as stated in the deposition of W. S. Sullivant. What peculiar claims the sureties had upon the Treasury that entitled them to this forbearance, are unknown to us. They may have surrounded the transaction with certain legal forms of acquittance; but without actual payment, the liability still remained unsatisfied. There is no legal acumen—no "gracious voice"—that can "obscure the show of evil," in a transaction with an officer of the law, by which he is made to say officially what is known privately to be untrue. The sureties, after obtaining from Mr. Bliss a transfer of assets sufficient to meet the apparent liability, instead of making payment to Mr. Breslin, gave him their thirteen checks of $5,000 each, on the Clinton, Franklin and Exchange banks, of Columbus, in the following form:

No. 1. COLUMBUS, O., Oct., 1, 1852.

Pay to the order of John G. Breslin, Treasurer of the State of Ohio, five thousand dollars.

$5,000.

THOMAS MOODIE,
W. S. SULLIVANT,
J. S. ATWOOD,
M. L. SULLIVANT,
DEMAS ADAMS.

To Exchange Bank, Columbus, O.

If any law of the State of Ohio authorized "John G. Breslin, Treasurer of the State of Ohio," to loan these gentlemen sixty-five thousand dollars, for two years, without interest, and keep the transaction concealed from the public, the attention of the Commission has never been called to it. It occurs to us, that with these checks outstanding and unpaid, and with an agreement that they were not to be paid for two years, the receipt given by Mr. Breslin to Mr. Bliss, October 22, 1852, of payment in full of all balances charged against him, and of all indebtedness that had appeared against him, (this unpaid $65,000 being a part) is somewhat impeached in its truthfulness.

One of the losses resulting to the State through the misconduct of Mr. Breslin, was by a renewal of the loan to the

AKRON BRANCH RAILROAD.

On the 15th of November, 1851, Mr. Sill, then the acting Canal Fund Commissioner, loaned to this Railroad Company $40,000, payable in the city of New York, on the first day of January, 1853, at seven per cent. interest semi-annually. The bond of the Company, with interest paid up to March 2, 1852, was transferred by Mr. Sill, when he went out of office, to Mr. Breslin, and formed a part of the $269,000 paid by Mr. Sill as the balance of the Sinking Fund in his hands, and which was charged to Mr. Breslin on its payment into the Treasury.

The Company was unable to repay the loan when it became due, and Mr. McMillan, then its Treasurer, made overtures to Mr. Breslin for a renewal of the loan; and to relieve him from the appearance of making a new loan, or to avoid a protest of his Company, McMillan offered to pay the amount temporarily, into the Ohio Life Insurance and Trust Company in New York to the credit of Mr. Breslin, as that would enable him to report to the Sinking Fund Commissioners the payment of the loan. Payment was consequently temporarily made to the Trust Company for the credit of Mr. Breslin, but the amount was immediately repaid to Mr. McMillan, for the Railroad Company, and the loan became one of Mr. Breslin's, instead of a loan by the former Fund Commissioners, and the amount, $42,310, was charged to the Treasurer in 1853. Mr. McMillan gave Breslin his drafts, as Treasurer of the Cleveland Zanesville and Cincinnati Railroad Company—another name for the Akron Branch Railroad Company—endorsed by him as Cashier of the Akron

Bank; on Atwood, Dunlevy & Co., New York, for $42,500, dated January 19, 1854, (there had probably been renewals which do not appear,) due July 1, 1854, two for $15,000 each, and one for $12,500. When the drafts became due, but $10,150 was paid upon them, and on the 16th August, $4,500 more, together with $14,650; since which time no further sum has been paid except as hereinafter stated. On the 13th of December, 1856, after Breslin went out of office, a settlement of the claim was made between him and Simon Perkins, then President of the Company. Interest was charged the Company at the rate of seven per cent. on the whole loan up to the 1st of November, 1854, and allowed upon their payments to the same time, and a statement of the account made, showing a balance due the State, of $28 549 88, for which Mr. Breslin received the second mortgage bonds of the Company, payable with interest from November 1, 1854, for $28,500, and its note for the balance, $49 88, payable in one year, on which nothing has ever been paid. The bonds and the note were transferred to the State, by Mr. Breslin, on the 24th of January, 1859, and are now in possession of the Attorney General. The testimony of Simon Perkins, and the statement of Mr. Breslin, furnish the particulars of this loan, except such as we obtained from the books of the Canal Fund Commissioners.

Another unfortunate connection of Mr. Breslin's, resulting in loss to the State, was that with the Sandusky, Mansfield & Newark Railroad Company.

Mr. Camp, the President of the Company, who was also Breslin's partner in the Elkhart County Bank, says this Railroad Company furnished Breslin, from time to time, with exchange drafts on bankers in New York—the usual pretext for a loan—to the amount of not less than $50,000, and not over $75,000 in all. That all of these drafts—or the entire amount of the loan, more properly—were paid, except four of $5,000 each, which were held by Breslin when the Company failed.

As with most of Breslin's transactions, there is a little history of this one, not appearing in the brief statement of Mr. Camp. This Company was organized as early as 1844, but, in 1852, it was reorganized by a consolidation of the Columbus & Lake Erie, and Sandusky & Mansfield Railroads. From the date of this consolidation to the Spring of 1855 John G. Camp was President, and John R. Robinson Superintendent, and Charles T. Sherman one of the Directors. From 1852 to 1855, as

Mr. Sherman swears, the Company, through Camp and Robinson, borrowed money at various times from Breslin, the Treasurer of State, which fact was made known to him by the officers named. He had also heard Camp, the President of the Railroad, say that the transactions for the road with Breslin amounted to between $100,000 and $200,000.

In 1855, Breslin forwarded to Sherman, as an attorney, the above-named drafts for collection. They were indorsed by Camp and Robinson individually, and dated in the summer of 1854, and payable to Chas. T. Sherman, Trustee, and were so made at the request of Breslin. About $2,500 had been paid upon one of them, and for the balance, about $17,500, Sherman obtained judgment in Erie Common Pleas.

In 1856, G. B Wright was appointed Receiver of this Company, and after two or three interviews with Breslin, agreed upon terms of settlement of the claim, by which Breslin received $8,500 in domestic bonds of the Company, as reorganized, payable: $2,000, July 25, 1858; $2,000 July 25, 1859; $2,300, July 25, 1860; $2,200 July 25, 1861. $4,900 of these bonds were transferred by Breslin to the State, January, 24, 1859, and are now in the possession of the Attorney General.

The State sustained another loss by an individual loan of $6,000 to John G. Camp. This man, like Bowen, Sherman and Reznor, seems to have possessed the entire confidence of Breslin, and was enabled to obtain from him money for railroads, for banks, and for himself; and during his brief hour upon the financial stage, he too seems to have forgotten that no seeming show of wealth—no plans or plots for unlawful gain—can avert the blow which justice, with unerring aim, lets fall on those who wrongly win.

Breslin states, that after Camp became "totally insolvent," he received from him, as security for his indebtedness, a mortgage on a house and lot in Sandusky City. This mortgage, for the purpose of concealment, was given to W. H. Gibson instead of Breslin, furnishing another instance of the knowledge by Gidson of Breslin's loans and embarrassments. After much litigation, about $2,000 was realized, which Gibson says he credited to Breslin as a payment to him on his official indebtedness. Camp's note, although in fact paid by the transfer of the real estate by virtue of his agreement with Breslin, is now held by Breslin, with 240 shares of the stock of the Sandusky, Mansfield and Newark Railroad, subject to the order of the Attorney General.

It appears, from the evidence of Judge Ozias Bowen, of Marion, that upon the receipt of a letter from Mr. Breslin, only a few days after he took possession of his office, Judge Bowen came to Columbus, to counsel and advise with Breslin in relation to matters, we presume, mentioned in the letter; and that the interview resulted in Mr. Breslin's agreement to make deposits in the Bank of Marion, of which Judge Bowen was President—Breslin to receive five per cent. interest per annum upon such deposits. An examination of the books of the bank, made by us for the purpose of ascertaining Breslin's transactions with it, as also the testimony of Sidney Moore, its former Cashier, shows that Mr. Breslin never kept an account with the bank; but discloses the fact that Judge Bowen was a large depositor, part in open account, but mainly upon certificates. The date, number and amount of certificates issued to Judge Bowen, will appear in the statement appended to the deposition of Mr. Moore. On the 13th day of January, 1852, the next day after Mr. Breslin went into office, Bowen deposited in the bank, and took a certificate for $31,050; on the 20th, $3,950; on the 28th, $39,185; and on the 16th of Februray, $47,221 64; together, during January and February, 1852, $121,406 64. Of these certificates, $35,000 were paid January 3, 1852; $26,171, December 6, 1852; $10,000 September 2, 1852; $35,221 64, February 3, 1853; and $15,000 marked simply paid, without date. Subsequent deposits were made during the year, to the amount of $53,738 53, and paid without the date being stated.

Judge Bowen states that these amounts, if taken from the books of the bank, which was the fact, as they were taken by one of the members of our Commission, were probably the sums he received from Breslin, as he received a large amount, who must have realized, from this single deposit account, nearly $5,000 of interest the first year. Besides this transaction with the bank or Judge Bowen, Mr. Breslin invested, by his advice, $15,000 cash in the stock of the Bank of Marion, and held it in the name of John Ault, the present Cashier, who was solicited by Judge Bowen to permit his name to be used for the purpose, the money being paid to the bank by Bowen himself. The money deposited in the bank in the manner stated, Judge Bowen swears he believed to belong to the State; and "that he might have suspected" the money invested in the stock of the bank was the money of the Treasury. These transactions

furnish indubitable evidence, that at a very early period of Mr. Breslin's official career, if not previous to its commencement, arrangements had been perfected between him and Judge Bowen, for the use of the funds belonging to the Treasury for their mutual benefit. There seems, from an intimation in Judge Bowen's testimony, to have been a strife between the banks of Columbus and other banks, and the bankers, in the State, as to who, by obtaining Breslin's confidence, and holding out to him the strongest assurances of gain, was to be most effectual in reaching the Treasury. Judge Bowen appears, at first, to have been the most successful, and to have possessed the confidence and friendship of Breslin to the end, and to have remained as a partner in the spoils. When a man of wealth and influence—a Judge of the highest judicial tribunal of the State—will so far forget his duty as a citizen, and integrity as a man, as to counsel, or to permit, unrebuked, a violation of the law—for he knew that Breslin was violating it when he invested the funds of the State in the stock of a bank, as well as by the receipt of interest upon his deposits—what can be expected, but that plunder and loss will be the consequence!

But Judge Bowen did not stop here. With Columbus Delano, of Mount Vernon, Charles T. Sherman, of Mansfield, and William Sturges, of Zanesville, on the 17th of September, 1853, in the city of New York, he entered into articles of association for the establishing of the

"Central Bank, Indianapolis."

And although not ostensibly, yet in fact, Mr. Breslin was a partner in the association, and known to be such to all the parties. A copy of the articles of association, furnished us by Mr. Breslin (in the handwriting of Mr. Sidney Moore), and made a part of his statement; as also the original assignment or transfer of stock to him by Bowen and Sherman, in pursuance of the following clause of the agreement:

"It is understood that O. Bowen and C. T. Sherman are at liberty to transfer or hold in trust for another person, one hundred thousand dollars of the stock standing in their names, being $50,000 each;" will present the transaction in full, and open up to public view one of the methods by which the Treasury has been plundered. Through this bank, the State has sustained an acknowledged loss of $21,000. How much more is yet to be divulged. Judge Bowen denies, as will be seen by his testi-

mony, that Breslin was an original party in this extensive scheme of Indiana banking. Breslin says he was, and produces the copy of the agreement, and the [illegible] of the stock of Bowen and Sherman, as evidence of it. Judge Bowen swears also that William Sturges was not a party; [illegible] Sturges is expressly named in the body, and his name is signed to the articles of association, and he swears he owned two-fifths of the stock, and was one of the original stockholders.

The bank was [illegible] on a stock basis of $560,000, and an actual cash capital of $[illegible]0,000, of which state stocks were purchased, and the bank commenced operations in November, 1853; and after enjoying, with its progeny, a fitful existence, was wound up with a loss to its parties, one of whom, it seems, was the State of Ohio. After the Central Bank was established, Breslin seems to have discontinued his [illegible] with Judge Bowen, with the Bank of Marion, a more profitable field of operation having been opened in other directions, promising larger returns.

Charles T. Sherman, one of the high contracting parties in this Central [illegible] association, in his testimony before us, makes a most unfortunate [illegible] for his reputation. It is feared his desire for concealment [illegible] his judgment, or clouded it with a mental reservation. We [illegible] attention particularly to that part of his deposition in which he says "I know nothing of Mr. (Breslin's) connection with any [illegible] any other bank;" and "I never borrowed from Breslin [illegible] money or had any connection with him, except as stated [illegible] being entirely professional, and not referring to the Central [illegible] any other." Mr. Sherman was one who specially represented Mr. Breslin in the original contract, and transferred to him in pursuance of it, a portion at first, and subsequently all of the stock subscribed by him.

Growing out of the Central Bank, were numerous off-shoots or auxiliaries to facilitate the obtaining of State Stocks by "circulation," and to embarrass the redemption of the circulation of all other of the banks. These banks were all called the

"WABASH RIVER BANK;"

And were located at [illegible] and Evansville, Indiana; but no additional capital was required for starting them—the circulation of

the mother bank being all that was necessary. The same parties were interested in these banks. Still another, however, was established in Indiana, by Judge Bowen, Charles T. Sherman, B. R. Durfee, and Breslin, called the

"DELAWARE COUNTY BANK,"

In which Breslin had an interest of $5,000. About $3,000 of this interest, as he states, was subsequently refunded to him on the closing up of the bank, and the balance was the pro rata loss.

Judge Bowen, in his testimony before Mr. Sparrow, swears that the moneys he received from Mr. Breslin in 1852, were deposited in the Bank of Marion to Breslin's credit, and drawn out by his checks; when it appears that Mr. Breslin never kept an account at the bank, or with it on the books of his office; all his transactions being through certificates issued in the name of Judge Bowen. The fact of Breslin's connection with the bank was even concealed from the Cashier, although known to the Directors.

In answer to the following question by Mr. Sparrow—

"Had he, or has he (Breslin) now, any interest in any banking institution, or broker s office, in this, or any other State, or in speculations of any kind? If so, state what, how much money he invested, the time of such investment, the name of such banking institution or broker's office, the place of such institution, and what became of the money so invested"—

Judge Bowen replied: "I cannot state whether the said Breslin has any interest in any banking institution or broker's office, or in speculations of any kind. I possess no knowledge on that subject, and can give no information relating thereto."

And to this question: "Do you know of any illegal or unauthorized application of the funds of the State, while either of the above named persons (Breslin and Gibson) were Treasurers of State?"

He replied: "I do not."

The parties associated with Mr. Breslin in these transactions—Judge Bowen, Columbus Delano, Charles T. Sherman, B. R. Durfee, and Wm. Sturges—could not have been unaware that the association involved the illegal use of the public money, and they should share with him in the disaster to his reputation, as well as his finances, and bear a part of the public censure.

City Bank of Cincinnati.

The connection of Mr. Breslin with this bank, and the loss it caused to the State directly of $79,811 95, and indirectly through Sanderson Robert, its last President, of $21,342 59, was one of the results of the intrigues and machinations which are inseparable from such institutions, and the inevitable consequence of making them a part of the Treasury of the State. We have heretofore casually adverted to some of the influences potent in controlling Mr. Breslin, in the selection of this institution as one of his depositories. In the statement he has made to us, he has entered very fully into a justification or an excuse for his conduct in this regard, which, however, does not by any means, exonerate him from censure; but with the testimony we have taken, implicates other parties, who should, perhaps, receive their just proportion with him. As we give his statement in full to the public, it is unnecessary for us to enter at any length into explanations as to how his account originated, or why continued with the bank without calling to his aid the legal authorities, that steps might be taken to secure from the then assets what he had already in jeopardy. Mr. Bliss, as we have shown, was intimately connected with this institution—in fact, for a time, a part owner of it—and it is natural to suppose, if he did no more, he placed Mr. Breslin in personal communication with the parties in interest. The accounts of Mr. Breslin as copied by us from the books of the bank, will show the extent of his connection with it, when it commenced, and how it terminated. It opened on the 23d of February, 1852, by a deposit of $17,324 67. On the 24th of February, 1852, a further deposit of $15,000 by John Woods. Why John Woods should pay over to Breslin $15,000, about a month after he ceased to be Auditor of State, we could not ascertain. The $1,933 97, marked in Breslin's account as paid by W. D. Morgan, were found to have been an Auditor's draft on the Harrison Turnpike Company, for dividends due the State, made payable to Mr. Breslin, by whom it was sent to the bank for collection.

The loss through Sanderson Robert, originated in the receipt by Breslin of his note for certificates of deposit to the amount of $6,382 57, as stated by Robert; and the balance arose from a loan of money or currency by Breslin, which was supposed at the time by Robert to have been an official deposit, but which Breslin subsequently claimed was an

individual loan. Whatever it may have been, the notes of Robert have now been transferred by Breslin to the State as its property.

It seems that this bank was at first controlled by a Mr. Wheeler, as President; and then a Mr. Headly appeared, followed by E. M. Gregory, and he by John P. Reznor, and last, Sanderson Robert, the sole survivor of this swindling corporation, stalked around its empty vaults in search of its securities. In the last agonies of these institutions, usually some injured and grieving stockholder stands around in sobbing woe or vengeful wrath, in search of some memorial of his interest in the departed, but for this bank no mourning or wrathful stockholder has appeared, and neither in all our searches, could we learn that any were known to exist. It is a singular fact in its history, that Robert held the bank for years in abeyance—no dividends, no elections, no actual business, no tangible owners—and to this day none have been discovered. For such information as we have obtained in relation to this bank, we refer to the testimony of E. M. Gregory, Thomas Heaton, Sanderson Robert, A. A. Bliss, and the statement of Mr. Breslin. We have failed to discover any means from which the State is to be paid its loss. The bank is now in the hands of a Receiver, R. M. Corwine, who can be held to a full accountability for all the assets placed, or which may come into his hands.

W. W. Cones & Co.

Mr. Breslin's connection with this firm, resulted in a loss to the State of $47,767 99. Beyond a question, the influences which secured a deposit with this Company, were of a political character. Cones had been one of those ward politicians we have referred to, and had made himself useful to certain interests, and must in some form have his reward. He had been Collector of Canal Tolls during the year 1851, and a part of the year 1853, and by direction of the Treasurer of State, had made deposits in the City Bank of Cincinnati, during the time Mr. Heaton was Cashier, who subsequently, through an acquaintance then formed, became his partner under the firm of W. W. Cones & Co., in 1853. There was no agreement or understanding, however, between him and Mr. Breslin, that deposits were to be made with his firm. The first transaction had with him, was in the fall of 1853, when he procured $10,000 of eastern exchange for Mr. Breslin. The Treasurer of Butle county, through influences not stated, became a depositor for a large

amount, to whom Mr. Cones paid six per cent. interest for his deposits. Being desirous of retaining these deposits as long as possible, Cones came to Columbus to see Mr. Breslin, to make some arrangement for that purpose, taking with him a blank note indorsed by Joseph Cooper and Wash. McLean, which he was authorized to fill up with any amount Mr. Breslin might agree to leave in his hands. Breslin agreed to leave between $25,000 and $30,000, which was to be repaid in New York the July following, being the amount then held on deposit from the Treasurer of Butler county. This note was paid by Cones & Co. Mr. Cones also expected his firm, to some extent, to be made the depository of the Sheriff and Clerk of the county of Hamilton, although no agreement was made to that effect. Having been a friend and supporter of Henry P. Bowman, as a candidate for Treasurer, he expected to receive a portion of his deposits, and did so, although not to the extent desired. The deposit by Bowman in 1854–'5, through which the loss to the State was really occasioned, was in pursuance of an express agreement with him and Cones, and without any authority or agreement from Breslin that such deposits were to be taken by him, or that he was to assume any responsibility therefor.

Mr. Cones swears positively that the deposits were made upon the responsibility of Mr. Bowman entirely; and in no instance did Bowman make it a condition that Breslin should acquiesce or agree to become responsible for the security of the deposit; and that he (Cones) never requested Mr. Breslin to assume that responsibility. Bowman obtained a certificate for $70,000, a part of his deposit, and transferred it to Breslin, a portion of which was subsequently paid—the unpaid balance being the loss to the State by this Company. It is unnecessary, for any of the legitimate purposes of this investigation, that we should attempt to reconcile the conflicting opinions and statements of Mr Cones, Mr. Bowman, or Mr. Breslin, in relation to this transaction. The State sustained a large loss through it, and it is abundantly proved political considerations were in some form improperly mingled in it.

Breslin's permission to allow the deposit of the Treasurer of Butler county to remain with Mr. Cones, upon any kind of security, can be considered in no other light than as a loan unauthorized by law. Upon the same principle by which we condemn Mr. Breslin for making a loan virtually to the sureties of Mr. Bliss of $65,000, we would condemn this

as an illegal transaction, productive of no good, but of incalculable evil to all parties concerned in it.

The testimony of H. P. Bowman, Thos. Heaton, W. W. Cones, W. McLean, the statement of Mr. Breslin, and a statement gathered from the books of W. W. Cones & Co., will fully present all the facts concerning the loss in this case.

One of the results of Mr. Breslin's connection with this firm, was the temporary interest he obtained, and held in the

"Kanawa Bank,"

in Virginia. We refer to this institution, not because it appears, from the testimony we have taken, that Mr. Breslin, or the State, ever sustained any serious loss through it, but to present to the public all those transactions of Mr. Breslin which are evidences of his apparent determination, at all times, to become mingled in speculations and adventures in every form illegal and inexcusable; and of the influences and associations with which he united, and to which, therefore, should be affixed a portion of the responsibility for his errors and losses. It appears from the testimony of Mr. Cones, that Wm. Sturges, Wash. McLean, and himself, in the winter of 1854-5, agreed to purchase the Kanawa Bank, each to take a quarter interest of $25,000. Sturges, in his testimony, substantially corroborates this statement, as does also Breslin in his statement; not, however, naming McLean as one of the parties. Breslin paid in $25,000 cash, which, however, he subsequently withdrew, substituting his note, of which he, in some way, afterwards obtained possession, and in that manner, as he says, escaped from the bank without sustaining any loss. McLean states, that at one time he contemplated taking an interest in the bank, but on further consideration refused to do so, and that he never owned a dollar in the stock of that bank, or any other. The connection of all these parties with this bank will appear in their own testimony.

The loss sustained by the State, by the Commercial Bank of Toledo, has been previously stated to the public, and all the evidence in relation to it is already in possession of the State authorities. The testimony of R. H. Gilson may, perhaps, throw some light upon the precise manner in which a part of the loss occurred.

The suspended account originating in the deposit with Daniel Beckel,

at the Miami Valley Bank, has, through previous investigations been fully examined, and provision made for the recovery of nearly the full amount.

Not an uninteresting portion of the history of Mr. Breslin's administration, is disclosed in his connection with the

"Farmers' & Merchants' Bank of Greensborough,"

in Maryland. This bank was organized by Samuel Waggoner, of Seneca county, distinguished for the intimate financial and business relations subsisting between banks, "Saving Institutions," bankers, brokers, cashiers, politicians, and clerks, and the State Treasury. Mr. Waggoner subscribed the entire capital stock, $100,000 in the name of himself and his son, Henry Waggoner. But, as a preliminary to the adventure upon his part, he had mentioned to Mr. Breslin, in New York, that there was a good bank charter in Maryland, which could be secured. Mr. Breslin intimated to him that B. E. Smith, of the firm of Bartlit & Smith, Columbus, would like such a privilege. He subsequently met Mr. Smith, who advised him to see the Maryland Bank Commissioners, and fix upon a day in which to pay in the money as required by the charter. He did so, and on the day named, having met Mr. B. E. Smith in New York, they together proceeded to the scene of some future interesting financial diversions. Smith took with him the amount of specie required,—$25,000; from whence he obtained it, was unknown to the deponent, Mr. Waggoner,—but it was his "idea," that the bank was got up to help Breslin "over a difficulty," instead of precipitating him into one.

Mr. Smith says, that Bartlit & Smith owned the charter and the capital stock of the bank. The capital was $100,000, "and was originally all paid in." They bought of Samuel Waggoner and Henry Waggoner, but Mr Smith declined to answer how much they paid for it. He furnished Waggoner with the means to start it, and probably paid them for the bank as much as Waggoner paid him for the means. Thus far the thing went smoothly on. Twenty thousand dollars were paid in at one time in gold, and twenty thousand in certificates. Upon this payment, a certificate of organization was obtained, and the bank was authorized to issue circulation. The balance of the stock was made up, at the time, by the notes of the stockholders, Samuel and Henry Waggoner. Smith swears distinctly, that he was repaid by the Waggoners for the money he advanced to start the bank—that is, that the money

which he put into the bank to start it was repaid to him, not on the same day, but soon afterwards; and that Waggoner got the money—gold and bank notes so far as his knowledge extended—from the bank, and paid it to him before he left for home, and in the identical money he had paid in. This was in January, 1854. Henry Rosette was elected President, and P. D. Burger, Cashier. In May, 1854, Smith again went to Greensborough, and paid in $60,000 additional capital in coin, which was counted by the Bank Commissioners, and remained in the bank until about eight o'clock in the evening, when it was again taken back to New York, and Waggoner's note again substituted. The bank was now in perfect readiness to do the business, not of the community, but of its owners. It at once issued the full amount of circulation authorized by law, $200,000; $150,000 were taken to the west, and $50,000 retained at home. $100,000 were entered on the books of the bank to circulation account, for which there was a note of Samuel Waggoner of $40,000 given—$9,000 charged to him on account, and the balance in bills receivable and accounts of a local character. The other $100,000 was not at the time entered upon the books, but was delivered by the Cashier to Mr. Breslin, and for which he gave his notes of $50,000 each. There were private marks put upon this circulation, one being the letter "O," and the other being a straight mark in red. This $100,000 was delivered, or sent by the stockholders, to Bartlit & Smith; and Mr. Smith says, "they got the circulation from the stockholders, and the stockholders got it from the bank;" and "that he knows nothing of any arrangement between the stockholders and Breslin, not being present at any interview. There was an arrangement made for some of the ciculation through us, for both ourselves and C. L. Johnson, the amount of which I do not recollect. Mr. Breslin also had a large amount of the circulation—how much, I cannot swear to." He further states: "I learned that Mr. Breslin had from the former stockholders [at the time of taking his deposition, Bartlit & Smith were the stockholders or owners, and hence he speaks of the *former* stockholders] a large amount of its circulation. I presume the amount ($100,000) is correct. I am aware that the bank, or the Cashier, had Breslin's notes for that amount. What amount we used of that, I am unable to state. Whether the money loaned Johnson and Gibson was a part of it, I am unable to say. I presume it was." Of the circulation marked as above stated, that with

the "O," was to be protected by Bartlit & Smith; and the straight mark, in red, by C. L. Johnson.

Before we proceed to show what became of this circulation, we will continue, in the order of time, the details of the transactions at Greensborough. The good people in that vicinity became exasperated at the management of the bank. It furnished no facilities for home operations. Its peculiar field was a little farther from the redeeming point. It was but an expedient to impoverish, instead of to enrich, if fulfillment followed too close upon its words of promise. Mr. Smith endeavored to quiet this hostility on the part of the citizens of Greensborough, but he failed to convince them that the institution was "sound," and they persisted in "adhering to the idea that we and Waggoners were friends; and petitions were gotten up for the repeal of the charter, which he opposed in the Maryland Legislature, and with success. In order, we presume, to place the institution upon a more solid basis, and concentrate its entire management into the hands of more responsible parties, who would have a higher regard for the interests and wishes of the people of Greensborough, "the former stockholders were *compelled* to sell out to the subsequent stockholders, who formally paid into the bank, in coin $40,000—in place of that which had previously mysteriously disappeared —but this they took out again the same day, it having been obtained from John Thompson, of New York, for the occasion. They then substituted their stock notes, payable in the notes of the bank, for those of the "former stockholders," for $60,000, the balance of the capital stock; and lo! the bank had changed owners, and under new auspices, upon a more substantial basis, it now continues its promises to pay; Spencer Hitch, President, and Henry R. Staley, Cashier. The expenses of resisting the repeal of the charter of the bank were about $10,000, and were paid out of the funds of the bank. Who got the money?

Recurring to the $100,000 of the marked circulation above referred to, obtained by Bartlit & Smith, for which Breslin's notes were given, it appears that $50,000 of it were loaned to Charles L. Johnson and William H. Gibson. Mr. Johnson admits, in his testimony, borrowing $25,000 of Greensborough money of Breslin at the time referred to, but says it was an individual transaction outside of the Treasury, Breslin representing himself as the agent of Bartlit & Smith, although he considered it a transaction with Breslin alone, and therefore gave his note for the amount,

payable to Breslin or bearer, in the notes of the Greensborough bank, and which note he subsequently paid. This money thus obtained by Johnson, was used by him in the purchase of his stock in the Seneca County Bank, of which he became Cashier under the Gibson purchase and re-organization. Gibson borrowed the other $25,000, and gave his note to Breslin payable in one year, at three per cent. interest. There were no endorsers on the note, and he obtained the loan of Breslin through a previous arrangement made by Johnson. Mr. Gibson did not see Breslin in relation to the matter until after the loan was arranged, and when he did so, Breslin represented himself as acting for Bartlit & Smith, although Gibson had an "impression" that Breslin himself had an interest in the bank. These notes of the Greensborough Bank were paid out by the Seneca County Bank in its usual business transactions. To determine the precise nature of this loan, and of whom made, in fact, the following question was asked Ben. E. Smith:

"*Question*—Was any part of the $100,000 obtained from the bank (Greensborough) by Breslin, loaned to Wm. H. Gibson and Charles L. Johnson, either by you or Mr. Breslin as your agent?

"*Answer*—I was not aware that Mr. Breslin acted as our agent at that time. If he made loans to those parties, he must have made them on his own account, or for the former owners of the bank. He was never authorized to act as our agent in making a loan to them of $50,000, nor did we ever make a loan to them of that amount for ourselves."

There can be no doubt, therefore, that this loan of $50,000 to Gibson and Johnson, to enable them to purchase the Seneca County Bank, was made by Breslin for himself, and not for other parties. And this transaction goes far to remove any doubt that might exist as to the real ownership of the Greensborough Bank, at the time of its organization.

In January, 1854, Waggoner the father of that "Ohio Savings Institute," suggests to Breslin the purchase of the bank, to "help him over a difficulty." Breslin refers to Smith. Smith agrees to purchase, and furnishes the money—so he says. Waggoner becomes the ostensible owner—the bank is organized, and issues its circulation. Breslin gets 100,000, which is sent "by the stockholders," to Bartlit & Smith—$50,000 for them, and $50,000 for Charles L. Johnson—so marked as to determine which is to redeem;—Breslin as agent, loans $25,000 to Gibson, on a year's credit at three per cent., and $25,000 to Johnson—Breslin's

agency denied by Bartlit & Smith—the $50,000 loaned Gibson and Johnson, used by them for the purchase of the Seneca County Bank. Now if any further evidence is required to prove Breslin's ownership of the Greensborough Bank at its organization, and of the purchase of the Seneca County Bank by Gibson and Johnson, through means furnished by Breslin, it can be found in the testimony of Samuel Waggoner, Christian Bretz, W. H. Gibson and Charles L. Johnson, and the tortuous testimony of B. E. Smith.

That there was a preconcerted arrangement on the part of Waggoner, Breslin, Smith, Johnson and Gibson, as to the purchase of the charters of the Greensborough Bank, and the Seneca County Bank—and that their financial transactions, in all their varied ramifications, were known to each other; and that the State Treasury was the great source from whence the means were at first to be obtained, and from which they were obtained, we entertain no manner of doubt.

What became of the other $50,000 obtained from the bank by Breslin for Bartlit & Smith, and which they were to protect, is not disclosed. Smith says the receipt of this circulation was a private transaction, and declines to answer whether or not he got it from Breslin. As we have already abundant evidence to convince us of the truth of the matter, he was not pressed for an answer.

Between January, 1854, and December, 1855, large amounts of the notes of this bank were put in circulation. The facilities furnished by the Banking House of Bartlit & Smith, and the Seneca County Bank, Elkhart, Central and Jamestown Banks of Indiana, and the State Treasury of Ohio, enabled those interested to keep afloat, unredeemed, a large amount of its circulation.

But one bank in Maryland did not suffice to keep active the accumulated Sinking Fund in the State Treasury of Ohio and the

"CUMBERLAND SAVINGS BANK,"

at Cumberland, opened its doors to receive a part as a permanent investment. Somewhere, Mr. Breslin became acquainted with a Captain James M. Schley, an attorney at law, with an aptitude for small banking, who directed the attention of Ohio's most distinguished financier to the above named institution. Mr. Breslin, doubting his own, or having greater confidence in the financial ability of another distinguished financier, called to

his aid B. E. Smith, of the firm of Bartlit & Smith; and in the summer of 1856, after Mr. Breslin ceased to be Treasurer, they accidentally, without doubt, "laid over at Cumberland for the purpose of examining into the bank, and seeing if there was any object in buying it." They conferred with Captain Schley. Smith declined to take any interest in it, and Breslin "went in" alone. It required between $16,000 and $17,000 cash to control the stock, which was furnished by Breslin. Capt. Schley became President of the bank, and William O. Spaythe, another graduate of the Tiffin school of financial operators, and subsequently a clerk in the office of the Treasurer of State under Gibson, became cashier. Into the present ownership of this institution, we did not enquire, but ascertained that Breslin's stock was subsequently pledged as collateral to Bartlit & Smith, for a loan to him, as Smith says, and held by them until some time during the past year, when it was sold—whether to them or other parties was not disclosed.

The purchase of this bank, involving the use of $16,000 or $17,000 in money, was made by Breslin after he went out of office; and as evidence that he was then using the funds of the State, and still further endangering their safety, we refer to his statement made to us, in which he puts down to the State a loss of $8,000 as resulting from his connection with this bank. If Mr. Gibson had not disregarded his sworn official duty, by concealing the defalcation of Mr. Breslin, this sum at least might have been saved to the State.

Not alone in Maryland, Virginia, Ohio, and in Indiana, with Judge Bowen and his friends, was Mr. Breslin content to invest the idle funds of State. Activity was the life of business with him, and no "pent up Utica" was to contract his expansive powers of Treasury absorption. In conjunction with John G. Camp and Charles L. Johnson, he established

ELKHART COUNTY BANK,

at Goshen, in Indiana. The object of starting this bank, as stated by Mr. Johnson, its cashier, was to make money, simply by getting up circulation and protecting it, looking to the interest on the State bonds for the profit. Camp was then President of the Sandusky City Bank, at Sandusky City, and also of the Sandusky, Mansfield and Newark Railroad. The agreement between Camp and Johnson was drawn up at the Burnet House, Cincinnati. These parties were to be interested in it—Johnson to have

the management and control, and Camp to assist in giving the notes a good circulation, and in protecting them, and procuring the State stocks to be deposited with the Auditor of the State of Indiana. At the time the agreement was executed, the place for the name of the third party was left blank, but Johnson supposed him to be a friend of Camp's and suspected it was Breslin, who was present at the time, although he denied it positively, telling Mr. Johnson "you must not suppose because Camp and I happen to be here, that I am interested in your project." After this unqualified denial, it is astonishing Mr. Johnson should have so persistently believed, as appears by his testimony, that Breslin was really a party in interest; and it is quite as astonishing that Mr. Breslin should, in his statement recently made to us, declare that, it was due to Mr. Johnson to say that, he was not, through any knowledge derived from him, directly or indirectly, aware of his connection with this bank. Breslin furnished the money to buy the first $50,000 of bonds, the balance being bought on the credit of the bank, or on Camp's credit, whose part of the business was to sign the notes as President, buy the bonds and protect the circulation, as heretofore stated. After the bank was started, the manner of getting up the circulation was for Johnson, as cashier of the Elkhart County Bank, to draw on Camp, President of the Sandusky City Bank, at 30 or 40 days, or at such a time as might be agreed upon. This paper was discounted sometimes at Sandusky City, and at Tiffin, or wherever it could be done, and with the proceeds, other State stocks were purchased, which were deposited with the Auditor of State, and additional circulation obtained, with which the drafts of Johnson or Camp would be taken up—the State Treasury being all the time an excellent institution for the protection and holding this circulation. This operation was repeated as often as desired, or the necessities of the bank demanded. In this way $100,000 of North Carolina bonds were bought through Atwood & Co.; and $100,000 more through Corning & Co., New York; and altogether, about $400,000 were obtained, consisting of Indiana 2½ per cents., and North Carolina, Virginia and Louisiana bonds, and about $20,000 of Ohio bonds. Neither Johnson, Camp or the bank, were ever located at Goshen. A business firm there, of which Doctor Ellis was a member, at first, and subsequently the Goshen Bank redeemed the circulation of the Elkhart County Bank, when presented to them, in pursuance of an arrangement with Johnson to that effect.

The amount actually invested by Breslin in this bank, as stated by him, was $55,708 66 in stocks and premiums; $2,500 in gold—together, $58,208 66; of which there was refunded to him, $31,596 93; leaving a balance of $26,611 73 to the State as its "unsettled" interest in the bank. Camp sold out at the end of the first year to Johnson, to whom the closing up of the bank was confined, and who is to account to Breslin or the State for their interest in it.

Johnson swears that Camp and "his friend" never received any profits, although some were made by interest on the stocks, and in the closing up of the bank. He bought western bank notes at a discount, and exchanged them for Elkhart County currency at par. He also got the coupons on the bonds deposited with the Auditor, by his permission, in advance of the time they were due, by returning Elkhart notes for them, and used the coupons to raise money with which to purchase more depreciated currency; and with that again obtained Elkhart at par. This operation was repeated, changing its manner as circumstances required. All the bonds deposited for circulation, amounting to $400,000, were taken up, from the Auditor of the State of Indiana, by Johnson. Breslin once gave him $10,000 in cash for some Virginia or North Carolina bonds, which he (Johnson) had taken up by the return of circulation. Where these $10,000 of bonds now are, we are unable to ascertain. W. O. Spaythe, afterwards the cashier of the Cumberland Savings Bank, was the agent of Johnson in the purchase of depreciated Indiana currency, which he exchanged for Elkhart. Large sums of money were furnished Spaythe from the Seneca County Bank for this purpose. In fact, he opened a banking house in Fort Wayne, Indiana, for the purpose of purchasing, at a discount, Elkhart currency. On the 17th and 27th of January, 1855, Spaythe was credited on the books of the Seneca County Bank with $3,540, for coupons from $47,000 North Carolina bonds; and $101,000 Virginia bonds, and his account at large shows the relations subsisting between the Seneca County Bank and the Elkhart County Bank, and Johnson and Breslin. From the first issue of the circulation by the Elkhart County Bank to its close, it was intimately connected with the State Treasury. To exchange and circulate became a part of the regular business of the treasurer and his clerks.

Not an unimportant link in the chain of circumstances which binds all these interests together is exhibited, by the testimony of Johnson, that just

before the panic against Indiana Free Banking arose, by which its circulation was generally discredited, he had become Cashier of the Seneca County Bank, a position which he accepted from the consideration that it would aid him, among other things, in protecting the circulation of the Elkhart County Bank. Of this bank, Breslin was in fact the owner. Camp never contributed anything, and Johnson swears that he and Camp together only put in about $10,000. Hence Breslin, by putting Johnson and Gibson in the Seneca County Bank, would have an additional element at work to aid in th' as well as in the various other operations in which they were engaged and to whose hands could his interests be more safely confided?

With some additional banking facilities, to those already in existence —the Central Bank, Indianapolis, and its progeny—this could be accomplished; and the "Greensborough" was resorted to as the point of success. Here, as we have shown, he obtained the $50,000,—and it is immaterial whether he did so as owner of the bank, or otherwise,—with which Gibson and Johnson were enabled to purchase and control the Seneca County Bank, and thus unmistakably, in another form, combine the interests of all, and open the door still wider for their speculations, through which, in the end, could be withdrawn and concealed the profits of their adventures, and such portion of the public moneys as could not be separated from them.

That the "City of Tiffin" was prolific in bold adventurers and unscrupulous financiers, for whose benefit the State Treasury was made to become the radiating point of material aid, is disclosed in every transaction in which they were connected. Who would imagine that the Newport Safety Fund Bank had any connection with the State Treasury? and perhaps it did not, as far as its ostensible ownership was concerned. But it was protected and upheld by the Treasury. Charles L. Johnson, the Elkhart Cashier, the Seneca County Bank Cashier, and to whose intimate relations to the Treasury we may hereafter advert, was first the cashier of this Kentucky institution. It seems that a Mr. Langdon, who has been with Waggoner in the office of the Ohio Savings Institute, at Tiffin, proposed to Mr. Johnson to go into the Newport Safety Fund Bank as its Cashier, "because of his known friendly relations with Breslin." Mr. Johnson consequently became its Cashier, and these friendly relations were made available to the bank by the frequent use of the State Treasury in the circulation and holding of large amounts of its currency. Such were the

prospective profits in the interchange and protection of currency through the Treasury, that Mr. Johnson proposed becoming a part owner in the bank, and made propositions to Breslin for funds for the purpose; the proposition being that Breslin was to hold Newport currency for a certain period. Breslin declined to hold the currency for any particularly specified time, but expressed a willingness to exchange currency, and to give the Newport money a good circulation upon Johnson's personal agreement "to keep the bank all right," and to protect him against loss in case the bank should break. Whether induced by this proposed facility only, or otherwise, Johnson became a part owner of the bank, and continued his connection with it until it became necessary for it to pay its indebtedness, and "broke." After the failure of the bank, and after Johnson became Cashier of the Elkhart County and Seneca County Banks, in fulfillment of his agreement to protect Breslin, Johnson took from him all the Newport currency then in the Treasury—the amount unknown—but indicated by a loan made to one McArthur, by the Seneca County Bank. Whether the Treasury was ever reimbursed for this currency, is not proved.

It appears by Johnson's testimony that he has a claim against McArthur, "arising out of business transactions with him," and a loan from the Seneca County Bank. This loan was of the notes of the Newport Safety Fund Bank, returned to Johnson by Breslin, and amounted to over $20,000.

But there was another item in the indebtedness of McArthur, in which Breslin assuredly had an interest. Johnson forwarded to him $9,000, with which to take up, at the Ohio Agency, for the redemption of western money in Cincinnati, that amount of Elkhart county money. He redeemed the circulation, but again used it, and became a debtor to the Elkhart Cashier for the amount. To secure Johnson for this indebtedness, which together now amounts to about $30,000, McArthur has mortgaged some property in Cincinnati, at the corner of Main and Third streets, which he now holds. Johnson denies that Breslin has any interest in this claim; but their interests were so commingled, that it is neither unjust, nor improbable to believe, as long as the whole truth is yet undisclosed, that some hidden interest of Breslin's yet exists in this property or claim. Besides the connection between Johnson and Breslin in this matter, there were multitudes of others quite as intricate, and perhaps more confidential, arising out of the

With this institution, from his entrance into office to the close of his last term, Breslin was intimately connected; and yet he kept no account with it on the books of his office. It was natural, as this bank was located in his place of residence, and all the parties interested in it personally known to him, that his transactions with it should have been somewhat extended and diversified in their character. The bank had occupied very near relations to the Treasury during the term of office of his predecessor. In that part of our report having more especial reference to that bank, the duty of particularly examining it being assigned to us, will be fully stated a history of its organization and management—the connection of the Treasury of the State with it, as appears by the accounts—and every other circumstance by which the public can be fully enlightened as to the causes of its failure—the over-issue of its circulation—and such other matters as shall, as far as possible, carry out the wishes of the Legislature, and fulfill the expectations of the people in regard to it.

By the relations of the President, Mr. Gibson, and the Cashier, Mr. Johnson, to Mr. Breslin, after this connection with the bank through his aid, as we have heretofore stated, the Treasury was made available for every conceivable species of unjustifiable outrage upon personal and official integrity, and the laws of the land. There is neither excuse nor palliation for the conduct of either the President or Cashier of the bank, or the Treasurer of State. The bank became, to the extent of the wishes and demands of its officers, the Treasury of State. Its currency was received at the Treasury in packages for circulation, and by the exchanges of other currency for deposit for protection. It became a part of that extended system of financiering which had been resorted to by the Treasurer, through the various banking institutions in which he was interested, as an illegal and dishonorable source of profit, as was expected; but of disappointment, sad misfortune and disgrace, as it has terminated.

It is not necessary we should state in detail every improper or illegal transaction in which these parties were concerned. They will all appear in the testimony at large, and to that, as it forms the basis of all our conclusions and statements, we ask an earnest attention.

Mr. Johnson seems to have possessed the happy faculty of obtaining from Mr. Breslin, in direct violation of law, as was known to both of them,

the circulating notes of the Seneca County Bank, whenever necessary, without the previous deposit of the State Stocks as security. And this was with the knowledge of Mr. Gibson, the President, who, Johnson swears, was informed of the transaction. This circulation was obtained by the bank for the express purpose of enabling them to purchase bonds for deposit, if for no worse purposes.

Transactions of $30,000, $27,000, and $27,000, of this character were discovered by an examination of the books, and as stated by Johnson himself. So extensive occasionally were the transactions between Breslin and the bank, that even Johnson, with all his boldness, was forced to resort to peculiar expedients in order to give a color of propriety to them. He would obtain from Breslin such large amounts of currency—$20,000 and $30,000—at a time, that it would take two or three weeks for him to get it into his bank in such manner as to justify its use. The money would be deposited in the name of bankers and farmers, and business men, in Tiffin or its vicinity, in amounts of from $1,000 to $5,000; and certificates issued to Johnson's order—parties whose names were used and appeared upon the books as depositors, being entirely ignorant of the transaction. This was done that Breslin, who was the real depositor, might not appear as such upon the books of the bank.

The testimony of Mr. Johnson is of peculiar interest, as it fully develops the relations subsisting, and which doubtless continue to subsist between Mr. Gibson, Mr. Breslin and himself. On his examination, he produced a receipt from Mr. Breslin as evidence of a settlement between them of all their accounts. This receipt is not official in regard to either of them; neither does it relate to the Elkhart County Bank, for that, Mr. Johnson states, is yet unsettled;—but is evidence of a settlement of their private transactions only. The following is a copy of the receipt, as given in Mr. Johnson's deposition:

TIFFIN, July 4, 1856.

Received of C. L. Johnson, twenty-five thousand dollars, on account in full.

$25,000. JOHN G. BRESLIN."

In regard to this, as well as to every other cash transaction of John G. Breslin, while Treasurer of State, and since, which amounted to over the sum of $3,000 or $4,000, in which he represented himself as using or

depositing his private funds, we have no hesitation whatever in declaring, that it involved the use of the funds of the Treasury, or the official credit of the Treasurer; and there is no man who had a private transaction with Breslin—one not recognized and authorized by law as official—to any greater extent than the sums we have stated, but must have known, or had good reason to suspect, that they were using, illegally and clandestinely, the funds of the State. And any bank that kept a deposit account with him upon its "individual ledger," by which its indebtedness was made to appear to him individually, or that issued certificates of deposit to him individually, and not officially, was, perhaps, unintentionally accessory to his defalcation.

It will not answer to pass unnoticed another investment of Mr. Breslin, on behalf of the State, of $12,565 83, in the

OHIO SAVINGS' INSTITUTE,

at Tiffin, owned by Samuel Waggoner, a gentleman whose financial abilities have not been confined to Seneca county alone, but have reached New York, Tennessee, Maryland and Texas. Besides this, another small sum of $5,000 was lost to the State through the efforts of this gentleman to obtain for the Treasurer of State, from the "Mechanics' Bank of Memphis," in Tennessee, of which Mr. Waggoner was President, in April, 1855, $75,000 of its currency, to "enable him to settle with his successor;" but which was, in fact, obtained, as Mr. Breslin alleges, to be used by Mr. Osborn, of the Mad River Railroad Company, and others, for circulation. Fortunately for the people, the bank failed before this portion of its circulation reached them; as it is now in the possession of Mr. Breslin, as appears by his statement.

Since the preparation of that part of our report having an especial reference to the

CANAL BANK OF CLEVELAND,

additional testimony has been received by the Commission, much in conflict with that of Mr. Breslin, as given in the case of John M. Armstrong, receiver of this bank, against Isaac L. Hewitt, printed with our report. It appears from the deposition of J. W. McMillen, that the over issue of the circulation of the Canal Bank of Cleveland was in fact the result of an arrangement between the bank and Mr. Breslin, by which it was to be furnished with circulation, not upon the previous deposit of State stocks,

in pursuance of law, but with circulation to be used for the purchase of State stocks, in violation of law. Collateral security to the amount of $25,000 was furnished the Treasurer for the circulation issued, not in the shape of State bonds, but of railroad and bank stock, to be held by him until such time as State bonds could be purchased and substituted in their place. Before the purchase and deposit of the State stocks, however, the bank had failed, leaving the Treasurer in possession of the collaterals, and the bank of the $18,500 of illegal circulation. This circulation was delivered to the bank in May, 1854. It further appears, that $15,000 of Cleveland and Pittsburg Railroad Stocks thus forwarded by the bank to the Treasurer as collateral, were, on the 15th of July, 1855, transferred to Bartlit & Smith, of Columbus, and by them, on the 22d August, 1855, transferred to John Thompson, of New York. The bank stock, being that of the Canal Bank of Cleveland, $10,000, not having any value, has not made its appearance.

The testimony of J. W. McMillen, in which is included a copy of his letter to Mr. Breslin, requesting the issue of this illegal circulation, and containing a particular description of the stocks by numbers and amount of each certificate, will be found with other testimony in reference particularly to the Canal Bank of Cleveland.

In this case, the testimony of Mr. Breslin and Mr. McMillen seems to be directly in conflict; and with the light before us, we cannot undertake to decide as to the truth of either. We know that a gross violation of law and official trust was perpetrated, and that whoever may be, in fact, the wrong-doer will, in his own conscience, if in no other form, be fully condemned.

As we have before remarked, it would enlarge our report to an unreasonable length, were we to refer specially to every illegal act on the part of the Treasurer and others, that has been disclosed by the testimony. The public will have that before them, and it will excite, as it properly should, the astonishment of all, that such transactions as are detailed in it had not long ago terminated in loss and exposure.

One of the most unfortunate disclosures for the parties concerned, was that made in the testimony of D. W. Deshler. He states that he frequently made loans to Breslin from the Clinton Bank, upon the deposit, as collateral security, of the currency of other banks, of which he, as Treasurer, was the custodian of the stocks. These transactions were in amounts of

$5,000, $10,000, and $15,000, at a time. His "suspicions were excited that the notes thus deposited, were notes returned to him as Treasurer to be burned, and that they were not legitimately in his (Breslin's) hands." That Mr. Deshler should have made a loan when he suspected that such was the character of his security, will be surprising to all: and how he was to make his security available, in case of non-payment of the loan, except by a threat of exposure to Breslin, or by again putting the notes in circulation, will also be a just subject of inquiry.

The amount shown by the books of the Treasurer's office, to have been in the Treasury on the 14th of January, 1856, as we have stated in a former part of our report, and for which Breslin should account, was $204,987 95. To this should be added the amount received by Breslin, not appearing upon his books, or those of the auditor, from the several county treasurers between the 15th of November, 1855, and the 14th of January, 1856, $760,715 70; and also the Canal Bank of Cleveland redemption fund of $94,786 35; making the amount for which Breslin should account, on the expiration of his office, $1,060,490 02. This amount agrees with that ascertained and reported by Mr. Sparrow, and we have been unable to discover any errors which can materially affect it. Assuming this amount therefore, to be correct, in what manner was it accounted for by Mr. Breslin? In his last official report, he states that the Treasury had sustained losses by the failure of banks and bankers selected by him as depositories, which we have heretofore noticed, and which were also fully detailed in the previous reports of Mr. Taylor of the joint committee of finance, and of Mr. Sparrow, to the amount of $204,636 65. These depositors were—

The Commercial Bank of Toledo	$26,271 23
City Bank of Cincinnati	79,811 95
W. W. Cones & Co	47,769 99
Daniel Beckel	50,785 48
	$204,636 65

Deducting this sum from the $1,060,490 02, and there remains a balance of $855,853 37, which should have been paid by Breslin to Gibson on the 14th day of January, 1856, *so far as the books and the accounts and papers in the office of the Treasurer of State, as they now appear, can determine it.*

That the whole of this sum was not paid by Mr. Breslin to his successor, Mr. Gibson, is fully established by the testimony to which we have referred in the preceding parts of our report. And to what extent, Bliss, Breslin, Gibson, and others, their confederates in wrong, are responsible for its non-payment, is partially disclosed by the testimony. That $855,853 37 was not, at that time, in the Treasury, is certain; for a portion of it had been abstracted, and invested and lost in various speculations, adventures, and illegal transactions, in which one or the other of these Treasurers were interested or involved. We cannot fix the responsibility upon one alone, when we believe in the complicity of all. The amount for which Breslin obtained the receipt of Gibson was $303,865 34, which, if it were all that Gibson actually received, would leave Mr. Breslin a defaulter for $551,988 03; but Mr. Gibson, before he became Treasurer of State, was implicated with Breslin in his depredations upon the Treasury, and could not, therefore, receive as Treasurer of State, what had been previously diverted and lost by John G. Breslin, with W. H. Gibson as a confederate. He was the confidential friend—the adviser—the legal counsellor—of John G. Breslin from the commencement to the end of his term of office; and besides this, he, and the bank of which he was President, often, to his knowledge, borrowed money of Breslin, and in such sums as to preclude the possibility of the absence of positive knowledge as to the source from whence they were obtained, and Mr. Gibson well knew that the moneys which had thus been taken from the Treasury could not be in it for him to receive, and he therefore attempted to consummate the wrong by the success of its concealment.

In that part of our report having special reference to Mr. Gibson, we shall point out such facts disclosed by the testimony, as connect these two Treasurers together, and blend the illegal transactions and conduct of the one so intimately with the other, as to show, by irrefragible evidence, the very closest connection between them.

We felt it to be a duty imposed upon us, to make some effort to obtain from Mr. Breslin a full statement of his official acts, that we might determine to what extent he, or who was responsible for the defalcation. Two of the members of the Commission, therefore, in November last, proceeded to his place of residence, at Hamilton, Canada West, for that purpose, and urged upon him the duty and necessity of such a disclosure of the causes of the defalcation as would fix the responsibility where it justly belonged—

and particularly, as we had reason to believe that the innocent were suspected, while the guilty escaped; but he declined making any statement whatever. Notwithstanding this refusal, conscious of the importance of a full statement from him, we did not cease, in all proper ways, to continue the effort to obtain it.

Propositions were made to us, on behalf of Mr. Breslin, having in view his return to Ohio, and appearance before the Commission, to give his testimony in relation to the defalcation. Upon consultation with the Attorney General, it was deemed advisable to make the effort to procure Mr. Breslin's attendance. A copy of the proposition, with the correspondence connected with it, is here presented:

PROPOSITIONS FROM MR. BRESLIN FOR A FULL DISCLOSURE OF THE TREASURY DEFALCATION.

First—Let the bail be fixed. Breslin will return at once, appear and plead to the indictment.

Second—He will make a full disclosure of his transactions, while in office and since, reserving nothing, and account for all the moneys that ever *came into his hands* as Treasurer; but will insist and attempt to show that he never received the full amount charged him by $150,000.

Third—He will at once appear before the Investigating Commission, make his statements, and deliver to them, on such authority as may be designated, all assets and evidences of liability in his possession or control.

Fourth—For the time being, he does not wish to disclose the names of parties, (not exceeding three), who, at his solicitation, and for his benefit, hold assets as indemnity to them for advances, rendered necessary to protect valuable interests. In good faith, he will at once proceed to arrange these matters, and account to the Commission, or other authority for them. These parties were in no way connected with the defalcation, and hold these assets subject to his direction.

Fifth—As to all persons connected with the Treasury, or the defalcation, and to all State officials, as well as Bank officers, and business connected with them, he makes no reservations.

ROOM OF THE TREASURY INVESTIGATING COMMISSION,
Columbus, January 21, 1859.

HON. C. P. WOLCOTT, *Attorney General:*

The foregoing proposition has been submitted to the Commission in be-

half of Mr. Breslin, and we desire to know what amount of bail you will regard it as your duty to ask that Mr. Breslin shall be required to give, in the criminal proceedings now pending against him.

Yours,

W. D. MORGAN,
A. P. EDGERTON,
Commissioners, &c.

ATTORNEY GENERAL'S OFFICE,
COLUMBUS, O., 21st Jan., '59.

GENTLEMEN:—I have carefully considered the question stated in your note of this date, and in reply have to say that if Mr. Breslin shall return to this State, and fully comply with the preceding propositions, I shall not deem it my duty, on behalf of the State, to insist that he shall give bail in an amount exceeding fifty thousand dollars, to answer the indictment now pending against him in the Court of Common Pleas of this county; and while I have, of course, no power to bind the Court in this behalf, I think I may, nevertheless, safely assure you that bail to a larger amount will not be exacted from him.

Very respectfully, yours,

C. P. WOLCOTT, Attorney General.

To Messrs. Morgan and Edgerton, Treasury Investigating Com.

With these papers, on the 22d of January last, one of our Commission proceeded to Canada, in the expectation that Mr. Breslin would immediately return to Ohio; but on the presentation of the papers to him, he peremptorily declined to return. After much solicitation, he made the statement which is given to the public with our report. It is in corroboration of much of the testimony we have taken, but the facts disclosed by it were, to a very great extent, already in possession of the Commission. While Mr. Breslin admits himself to be, to a certain extent, responsible for a large portion of the defalcation, he declines to disclose the most important fact necessary to fully substantiate and give entire reliability to his statement.

He can not expect the people of Ohio to be content with a partial disclosure. He was their agent—the man of their choice for a place of the highest responsibility and trust. To his keeping they had confided the means for the support of their schools—their benevolent institutions—the

payment of their debts—and the discharge of every obligation which their constitution and laws had imposed upon them. But, disregarding his sworn official duty, and that high sense of personal honor which he now seems to hold superior to it, he betrayed the confidence reposed in him; and now asks forgiveness, and craves "an extenuation of a harsh public judgment against him, from a noble and generous people," whose feelings and wishes he persistently contemns. We can not but view this last as the most unfortunate act of a misguided man. He had personal friends who would have made every effort consistent with personal honor in his behalf; and they, with the whole people, demanded to know whether his losses could be ascribed to misfortunes and errors of judgment, and not to "criminal design." But with a blind infatuation as to what is honor and integrity, he withholds the truth, and leaves the innocent to be suspected, and the guilty to go unpunished.

Mr. Breslin asserts that he is entirely unable to account for about $150,000 of the alleged defalcation; that he either never received this sum, or that it has been improperly charged to him without a corresponding credit. This, as it involves the integrity of the books of his own and the Auditor's office, if it were a new idea in the brain of Mr. Breslin, would not receive the attention we have given to it, but that he had "apprehension of some undefinable and undiscovered errors in his accounts," holding him to a greater liability than he believed justly devolving upon him, is evidenced by his efforts at their discovery in the early part of his first official term. On the 22d of December, 1853, he addressed a letter to John Woods, former Auditor of State, inquiring whether he was properly chargeable with ($255,810) moneys received on the railroad bonds transferred to him by Mr. Sill, Acting Canal Fund Commissioner, and which had been charged to him by Auditor Morgan. Mr. Woods replied, that the railroad bonds, canal fund, &c., which were in the hands of Mr. Sill, formed no part of the sinking fund with which the Treasurer, Mr. Bliss, at the close of his term, was charged on the books of the Auditor, having been once drawn from the Treasury; and that Mr. Bliss should have paid over all the balance with which he stood charged. He further stated that there might be an error in the account as made out against him by the Auditor, as on looking over the accounts reported the last year, (1852), he did not fully understand how they had been arranged.

The letters of Mr. Breslin and Mr. Woods will be found in the docu-

mentary part of our report. What action was taken by Mr. Breslin subsequent to this, to ascertain if any error existed, is not known, except that in his own office he caused his books to be re-written for the first year of his term, but not disclosing the object, it was no more than a simple transcribing of the accounts as they stood, and of itself determined nothing. Mr. Breslin has furnished us no clue by which to trace such errors, if any shall exist. The books, and even the papers, have been carefully examined by us, and we have given our conclusion in the preceding pages.

In this connection, and at this time, it may be proper for us to remark, that the whole system of accounting, to which we have heretofore casually referred, in all the offices of the government, is radically wrong. This defect has been pointed out again and again to the General Assembly, by the respective examiners, and by the officers themselves; and the law-making power has been invoked to correct the evil directly by law, or to give the proper power to some one to do so—but in vain. The business of the State has been, and is constantly growing in amount and extent; and yet the old system, with only slight modifications, has been continued. The difficulty never lay alone with the officers, for, as stated, they have themselves presented their difficulties; and what is more, each in his department has attempted reforms, but they have amounted to little, because in our government each respective department claims and exercises independence of the rest; and the reform attempted in one quarter was generally resisted, or at least, rendered nugatory, by the acts of the others; and it is possible that the very efforts at reform have added to the contradictions and incongruities of which the books are full. A well directed attempt on the part of the Auditor would be counteracted by an ill disposed Treasurer, and both of these officers would be directly thwarted by a disagreeing Fund Commissioner.

The highest order of evidence as to the condition of the finances of the State, and the accounts with all its public officers of every grade, should be found upon regular books kept for that purpose by the officers designated by the laws, and into which every transaction should be entered day by day. But the books and public records kept so far are defective, and in fact are evidence of nothing but the total inefficiency of the system. So fruitful of difficulty has this system become, that our public officers have been compelled to make their annual reports from evidence outside of their books, and thus perfect their accounts so as to present the truth to the

public, which could not have been done by an abstract from the books alone. Instead of the published reports and statements of the Treasurer and Auditor being made up from the books, as they are posted at the end of the fiscal year, or at any other period, as the law contemplates, and the public believes them to be, they are not unfrequently in direct conflict with them. The precise condition of a particular fund is not, and cannot be, determined entirely by the books, but by abstracts and statements made up from evidences outside of them, which are therefore made to become the test of accuracy, and not the record itself.

With such a system, the sources of error are necessarily multiplied, the chances of discovery lessened, and the labor of an examiner greatly increased. In no instance do the annual balances verify, at the time, the accuracy of the accounts; and, therefore, without an initial point of verity, the examination becomes almost interminable.

As connected with this, there is another subject to which it may not be improper to call the attention of the General Assembly and the public. It appears, by an examination of the books in the Auditor's department, that there was levied and entered, upon the grand duplicate, from the year 1850, to the year 1857, inclusive, for collection of taxes for State purposes, $18,972,029 69; and it further appears, that of this amount so levied and entered upon the duplicate for collection, there has been paid into the State Treasury, but $18,157,589 86; leaving a balance of $814,439 83, which was either never collected, or has been absorbed by expenses of collection, or in some other manner at present unknown. The Treasurer's per centage for collection is but a small part of this deficiency, and it may be well to examine into the cause of it. It certainly should attract the attention of a tax-paying people.

In closing this part of our report, it is proper to say that we have made every effort to ascertain the whole truth in relation to the official conduct and transactions of John G. Breslin, but we know that much is yet to be disclosed. Such was the secret and confidential nature of his movements, that they seem to defy scrutiny. In the hands or under the control of three parties only, he admits he has concealed about $200,000 of the known defalcation, the acknowledged property of the State. Whatever may be the nature of the assets, we are confident they are not immediately available as cash, but he proposes to take steps for their conversion into money, and to pay whatever may be realized from them into the

Treasury. But if these assets are the property of the State of Ohio, wrongfully taken and withheld, by what rule of reason, justice or law, can Mr. Breslin insist that he alone, without the co-operation or advice of the State authorities, and unquestioned, shall be the sole judge of the value, propriety, manner, or time of converting them into money?

The losses directly attributable to Mr. Breslin's conduct will be stated hereafter.

III. WILLIAM H. GIBSON.

The third duty assigned to us, was to investigate the official accounts, transactions and conduct of William H. Gibson, late Treasurer of State.

No part of the mystery of the Treasury defalcation is more difficult of a satisfactory solution, than that which implicates Mr. Gibson as a participator in it. While he has repeatedly in the most solemn official form released Mr. Breslin from all responsibility for it, and acknowledged the receipt, in full, of all moneys shown to be due from him, he has sworn upon his solemn oath, that he received only a part, and referred to his receipts and the acknowledgments of his predecessor to sustain him. While Mr. Breslin asseverates in the most emphatic language, that Mr. Gibson was not cognizant of this defalcation, and in no way implicated in it, the testimony we have taken—including Mr. Gibson's own—convicts him as an accessory and principal, and proves the declaration to be in part untrue. While they both ask to be relieved from the imputation of crime, and the one solicits forbearance and the other demands justice, they withhold the evidence which can alone secure either, and clothe their transactions with a secrecy to which the honest and innocent never resort.

If Mr. Gibson was not cognizant of Mr. Breslin's illegal conduct while in office, and connected with him in some form in his depredations upon the Treasury, he has shown himself by his neglect, to make even the most ordinary prudential inquiries upon his going into the Treasury, and ascertaining that the amount appearing to be due from Mr. Breslin, was not to be paid to him, to be utterly devoid of common sense, and totally unfit to occupy any position of responsibility and trust. The inexplicable conduct of Breslin and Gibson in regard to all their transactions with each other, is totally incompatible with every idea we can conceive of official or personal integrity.

As we have shown in that part of our report having special reference to Mr. Breslin, there was due from him to the State on the 14th of January, 1856, the day on which he went out of office, $855,853 37, which he should have paid to his successor, Mr. Gibson. For no part of this sum had Mr. Breslin accounted previously, as having been lost or suspended in unpaid deposits, or in any other form. This whole amount should, therefore, of right, have been in the Treasury, in actual money, ready to be paid over. Mr. Gibson, by law, was the only person permitted to know, or who could have any opportunity of knowing whether the money was actually paid. He had just taken and subscribed an oath, faithfully to discharge the duties of his office, and had he been honest, or had there been no preconcerted arrangement by which the real condition of the Treasury was to be concealed, he would have insisted upon the immediate payment, by Mr. Breslin, of this sum, or of all moneys to which he was legally entitled by virtue of his official position; or if the moneys were not instantly paid, he would have demanded such an explanation, as to their character and their place of deposit, as would have satisfied him of their entire security. This it was his sworn duty to do, and anything less than this, was a violation of his official oath.

Preliminary to any reference in detail to the transactions and conduct of Mr. Gibson, after he became Treasurer, we will more fully than we have done heretofore, examine into his previous relations and transactions with Mr. Breslin. Mr. Gibson was a resident of Tiffin, in Seneca county—was attorney-at-law from 1844 to 1855—President of the Tiffin & Fort Wayne Railroad Company from 1853 to 1855: President of the Seneca County Bank from 1854 to 1855: and was Treasurer of State from January 14, 1856, to June 13, 1857. He was brother-in-law of Mr. Breslin—resident of the same town—and although differing in politics, they were confidentially intimate in all their relations. A mutuality of interests and desires for success in business and otherwise, had cemented their relations to a degree not usually found to exist. Mr. Gibson was a bold and unscrupulous adventurer in business; but previous to the election of Mr. Breslin as Treasurer in 1851, had not reached any high point of success, either in his finances or in his profession. Witnesses who had known him intimately for years, testified, that at the time of Mr. Breslin's election he was possessed of but little property, one of them fixing it as low as $5,000; another, who had known him for twenty years, did not know of his own-

ing any real estate outside of his father's farm. He was not then the owner of bank or railroad stock, anywhere; and the real estate he possessed was limited in quantity, and all within the bounds of Seneca county, and consequently could not be concealed from his friends and neighbors, even if so desired, which is not usually the case with advancing young attorneys. He subscribed $1,000 to the capital stock of the Seneca County Bank at the time of its first organization in 1847; but neither paid or intended to pay one dollar on the stock when he subscribed it, and subsequently transferred it to Sylvanus Arnold. Upon Mr. Breslin's election, he not only became security himself, but was active in procuring others to become so. During the first year of Mr. Breslin's term, Mr. Gibson does not seem to have been engaged in any public financial operations involving the use of any greater amount of means than he could have legitimately controlled; but during the second year he seems to have launched out, not upon the "legal deep," but upon a financial sea, and on his first adventure to have become a stockholder and president of the

"TIFFIN AND FORT WAYNE RAILROAD COMPANY,"

which was organized on the 2d of November, 1853. W. H. Gibson, Josiah Hedges, A. C. Baldwin, Joseph Walker, R. G. Pennington, W. D. Scott, W. C. Hedges, George Knupp, H. Ebbert, J. D. Loomis and J. W. Wilson were the corporators. The capital stock was $2,500,000, and the amount subscribed $188,488 03. Of this amount Mr. Gibson subscribed $30,000, but never intended, as he says, to pay in the full amount of it, but did pay between $10,000 and $15,000 by his personal services as president of the company, and as its agent; and he also paid in during the year 1855, $6,850, and on the 8th of April, 1856, $3,150 in cash, as appears by the testimony of R. G. Pennington. Besides this interest in the stock of the company, Mr. Gibson was one of the parties to the "Redfield contract," so called—or rather the supplementary contract dividing the original contract into ten shares—for the construction of the road. This contract was executed on the 26th of January, 1854. This road was to have been constructed from Tiffin to Fort Wayne, Indiana, 104 miles, for $24,000 per mile; $250,000 to be paid in the stock, $800,000 in the first mortgage, and the balance in the second mortgage bonds of the company. It was agreed by the contracting parties to divide the profits accruing on the contract into ten shares of $25,000 each, and each sub-

scriber to one share was bound to pay Redfield $25,000 if called upon for that amount, from time to time, as might be required, and to receive the stock of the road taken by Redfield therefor; the money so paid to be expended by him in grubbing, grading and preparing the road for the iron. These ten shares were distributed as follows: To John Gardiner, Wm. M. Redfield, Joseph Walker, Charles L. Johnson, Timothy Baker, W. C. Hedges, one share each; to H. Raynor and W. K. Lathrop, one share; to Elisha Colt and Wm. M. Redfield, one share; to Wm. H. Gibson, two shares.

On the 17th July, 1856, this contract was amended, as to the mode of payment, &c., not changing, however, the respective interests of the parties.

A copy of this contract, and other papers connected therewith, will be found attached to the deposition of R. G. Pennington. On this Redfield contract, Gibson paid $40,000 in cash, and from whence he obtained it, and the cash paid in on this stock, are very important subjects of inquiry, as connected with the defalcation in the State Treasury.

He denies most positively that any part of the money thus invested, ever came from Breslin, or the State Treasury; and Breslin denies in his statement having had any interest in the road or in the Redfield contract, other than $1,000 in its stock, which was paid in cash, April 25, 1854, $100; July 5, 1854, $900. Unfortunately, however, for Mr. Gibson, the uncertainty and secrecy which surround all his transactions, and the knowledge of the public—and his friends and neighbors—that there were no known sources from whence he could obtain the means for such investments, must render his statements unsatisfactory, if not entirely unworthy of confidence. Conscious that so large an investment on his part would be viewed with suspicion, among his own neighbors, and with the parties with whom he was connected, he volunteers the declaration, that one of the shares held by him was for a "friend at the east," whose name he was not at liberty to disclose. With Johnson and Camp in the Elkhart County Bank contract, there was an unknown "friend" as the third party. With Bowen and Sherman, in the Central Bank, Indianapolis, there was "another party," and with the stock in the Bank of Marion, there was a hidden owner; so in this contract there is a "friend at the east" who has $25,000 of cash to covertly invest in a Western Railroad. The unknown stockholders in the City Bank of Cincinnati, are yet wanderers, and it may be, that there is no "fixed place" for this party in interest in the Redfield

contract. Charles L. Johnson, the intimate friend and confederate of Gibson and Breslin—the partner of both in banking—and with Gibson, in this contract, "suspects" that Breslin was the owner of one of Gibson's shares, and why? unless he knew that Gibson had not the money to make such investments. He "suspected" only that Breslin was the owner of the Elkhart County Bank. Pennington, the successor of Gibson, as President of the road, a man who had known him for twenty years—a law student with him in Tiffin, and his bail for his appearance for trial on the indictment in the court of common pleas of Franklin county, believes that Breslin owns one of the shares held by Gibson. W. C. Hedges, also an owner of one of the shares in the contract, for many years acquainted with Breslin and Gibson, of whose firm in Tiffin, Gibson was once a partner, and who at Gibson's solicitation became one of Breslin's bail for his last term, also believes that the money for both of the shares held by Gibson, came from the State Treasury. It is exceedingly easy for Mr. Gibson to relieve himself entirely from any unjust suspicions or imputations, in regard to Breslin's interest in the Redfield contract, by a disclosure of the sources from whence the money was really obtained, or the name of the eastern friend he represents. We are aware Mr. Gibson cannot be compelled by legal means to make any but a voluntary statement in reference to transactions of this character; but the protection of his own integrity, if it be wrongfully assailed, would seem to demand from him such an exposition concerning this, as well as all other suspected connections with the Treasury, during Mr. Breslin's term of office, as would satisfy the public and lead investigation into other channels. We do not say that the testimony fully sustains, by positive evidence, our opinion that the means invested by Gibson in the Tiffin and Fort Wayne Railroad, were taken from the Treasury during Breslin's term of office, or subsequently; but we do say that it does not remove, but rather strengthens any pre-existing suspicion that such was the fact; and to the general as well as the individual belief of his own friends and partners in the contract, that he could not have obtained these funds from any other source, we unhesitatingly add our own. If entirely innocent of any participation in the Treasury defalcation, during Mr. Breslin's term, the public can do Mr. Gibson no greater injustice by their suspicions, than he has done to himself in the various entanglements in which he is involved in his attempted explanations.

There is no direct testimony disclosing any intimate financial operations between Mr. Gibson and Mr. Breslin, or any transactions involving the use, either of the money, or the credit of the Treasury, during the first year of the first term of office of Mr. Breslin, except those initiated in the organization of the Tiffin & Fort Wayne Railroad. Before the expiration of Mr. Breslin's first term, however, besides becoming President of this Railroad Company, Mr. Gibson had become a partner in the Banking House of Wm. C. Hedges & Co., in Tiffin. To what extent the money of the Treasury was subsidary to this firm, or what were its financial ramifications is not disclosed. It is to be presumed, however, that Mr. Breslin must, to some extent, either through Gibson, or otherwise, have been of some service to the firm, for Mr. W. C. Hedges became one of the securities for Breslin on his second bond, at the request of Mr. Gibson, and upon his intimation that it would result in some benefit to their banking office.

The next important financial adventure of Mr. Gibson, was that of his connection with Charles L. Johnson and the Seneca County Bank. We have heretofore referred to this connection, and to some of the circumstances attendant upon it, and we think the evidence clearly sustains us in the opinion expressed, that the money with which the bank was purchased and re-organized, came from Breslin, and, therefore, from the State Treasury.

Mr. Johnson was an intimate friend of Gibson and Breslin, and Mr. Gibson was not unapprised of the relations subsisting between them in Indiana banking. He was "morally convinced," he says, of the connection, although he did not think any money was furnished to Johnson by Breslin directly. Breslin never furnished any one money directly, if he could avoid it. Unlike his predecessor, Mr. Bliss, he would not even take bank stock in his own name; and in all the wide range of his speculations, he never permitted himself to appear as a prominent actor. He sought and compelled inviolable secrecy as the condition precedent in all his co-partnerships. Gibson and Johnson he looked upon as safe men, and therefore they could propose to him any scheme, and approach him with any overtures for outside operations. They could know all it was essential to know to insure success, and yet know nothing that would point to disclosure; and when the Seneca County Bank was to be obtained, they all at once discovered the advantages of its use.

Gibson says Johnson first made the proposition to him "to go into it," at Tiffin, when no one was present, and that "to his knowledge," Breslin was not consulted. That Breslin was privy to his negotiation and consulted in relation to it, is shown by Johnson's testimony; and that he was expected to furnish, and did in fact furnish, the means with which Johnson and Gibson were enabled to purchase it, is stated in detail in a former part of our report.

Through this bank the door was opened wide for the egress of money from the Treasury. How much has passed out through it, never to be returned, will remain unknown until Wm. H. Gibson, John G. Breslin and Charles L. Johnson, shall be made to account for their share of the defalcation, in language intelligible to honest men, not qualified by these terms of concealment; "not to my recollection," and "not to my knowledge"—"its a private transaction, and I decline to answer,"—now so often resorted to by them and those who fear the truth; and not until it shall be proved in what manner, and for whose benefit, the greater part of the over-issue in the circulation of the Seneca County Bank occurred. To Gibson, Johnson and Breslin, the manner of that over-issue is known; and it has been made available in money to one or all of them; and as the law has affixed no other punishment, the execrations of an outraged public should ever follow them. Unmistakably—unerringly—all the testimony —all the circumstances, point to them as the authors of this fraud. But it will be specially referred to in another part of our report.

At the time Gibson purchased the Seneca County Bank, in 1854, he says he thinks he was worth $60,000. Where did he get it? and in what did it consist? the people of Seneca county will ask. He says it consisted of accounts, notes, and real estate located in Ohio, Michigan, Wisconsin, Indiana and Iowa. To enable him to purchase it, he made collections on his notes, accounts, &c., to the amount of $30,000 or $40,000, and sold some real estate, and borrowed some money. He paid into the bank $51,000 in cash, all from his private means. The bank paid regularly large dividends, which he received; yet the loss in premium, and the depreciation of bonds sold, was $26,000, and in the effort to maintain the bank, and redeem its circulation in 1857, from $8,000 to $10,000 more, as Gibson swears. How, with this large loss, Johnson and Gibson were enabled to withdraw from the bank, in 1857, the entire amount of their capital in cash is one of the financial problems which may be solved at some future day.

That Gibson was not ignorant of Breslin's transactions while Treasurer, besides those of the Seneca County Bank, Greensborough Bank, and Elkhart County Bank, is evident from his testimony taken before us (which in some instances, directly contradicts itself), as well as his testimony before the Joint Finance Committee, of which Mr. Taylor was Chairman, and that before Mr. Sparrow. He stated to Mr. Taylor that he did not know whether Mr. Bliss had paid to Mr. Breslin the full amount, or any part of the amount due from him to the State. Although he did not, in his testimony before Mr. Taylor, swear to what was positively false, he did not state what he knew to be true, which was, that Mr. Bliss had not paid Mr. Breslin the full amount due to the State.

In the testimony first given before us, he stated that he knew of transactions between Breslin and Chittenden, but was not at liberty to divulge them, because he was Breslin's attorney. How, as attorney for Breslin, as Treasurer of State, he could have such transactions as should not be revealed to the public, is unknown to us. On a subsequent examination, August 6th, he stated that "he knew nothing of Breslin's carrying any thing for Bliss; nor did he professionally, or otherwise, know anything of any connection between Breslin and Chittenden. That he knew nothing of the settlement with Bliss and Breslin, or Bliss' sureties, through Bartlit & Smith, except what he learned from the public documents. Breslin never intimated to him, that he ever lost anything through such a settlement."

In his testimony of the 31st of December, Gibson swears that Breslin received from Bliss, as a part of the amount due from him as Treasurer, a claim against W. E. Chittenden, amounting to about $50,000, which he endeavored to obtain for Breslin, but which was settled finally between themselves, Breslin receiving certain assets which realized him little or nothing, and that Breslin, at the time, expressed great dissatisfaction at being compelled to make such an arrangement. The various processes by which Mr. Gibson reaches a truthful declaration, are illustrated in this testimony. First, he admits he knows something—but declines to answer, because the knowledge was professionally obtained; next, denies positively that he knows anything; and lastly, admits, after he becomes aware that the truth had been obtained from other sources, his full knowledge of the transaction.

Gibson was undoubtedly aware of the peculiar nature of Breslin's

transactions with the Canal Bank of Cleveland, so recently more fully developed through the deposition of J. W. McMillen heretofore referred to; and that he actually possessed some of the stock of that Bank—a fact entirely unknown to us until the receipt of the deposition of McMillen. General Simon Perkins, it seems, also advised him of a proposition made to him by McMillen to purchase $30,000 of the stock of this Bank, held by a "friend" of McMillen's, who, in reply to an inquiry, he stated to be Breslin; but before any sale was consummated, the Bank failed.

The testimony of Lieut. Gov. Thomas H. Ford furnishes the most conclusive evidence that Gibson possessed a perfect knowledge of the condition of the Treasury before he became Treasurer, and that there was a community of interests, and a mutual desire for self-preservation subsisting between Breslin and Gibson. It being so direct and pointed, we give Gov. Ford's own language:

"Gibson told me, at or about the time of his resignation, while he yet had the key of the Treasury, that the Treasury had got into great embarrassments, and that a good part of the load they had been carrying arose from Bliss, who had got the advantage of Breslin in his settlement with him; that Bliss' actual defalcation was much heavier than it had been represented; *that he (Gibson) and Breslin had taken one hundred thousand dollars out of the Treasury, and invested it west for the laudable purpose of making, in a few years, enough to pay the defalcation of Bliss. This conversation took place at night, going from the Neil House to the American.*"

Governor Ford was the political and intimate personal friend of Mr. Gibson, and this communication was made at a time when weighed down by an impending disclosure of the defalcation; and uncertain as to the extent of Breslin's caution and secretiveness, he would naturally seek to place his friends in the possession of such extenuating facts and circumstances as would tend to secure their sympathy and aid in the day of his misfortune. With Governor Ford he conversed unreservedly, as Mr. Ford states in his own language, that "in other conversations after his resignation, Gibson repeatedly expressed his great regret that he had given up the keys, as Breslin was then coming on from the west with more funds than necessary to carry them over the July interest, the amount needed being only about $140,000, and that if he had held on a few days longer he would not have resigned at all."

So guarded at every point of observation and public scrutiny were this

triumvirate of Treasury depredators, that as yet the substantive proof of the details of the transactions involving the use of moneys from the Treasury, in which they were mutually interested during Breslin's term, have not been entirely obtained. But there are sufficient to show, notwithstanding all their denials and averments to the contrary, the existence of a combination for illegal operations conceived at a very early period of Mr. Breslin's administration. That each for himself was engaged in speculations unknown to the other, is more than probable; and that the Treasury of the State was the fountain from which flowed the means, however secret and circuitous the channels, is also unquestionable.

So intimate were their relations and interests, and so necessary to their perpetuation and protection, was a unity of purpose, that all political differences became merged in the more important one to them of safety to their means and reputation. Hence, Mr. Breslin and his interested friends, after his own nomination was secured (for which Mr. Gibson had a great solicitude), became exceedingly anxious that Mr. Gibson should secure the nomination of the opposite political party,—and, therefore, before and after the nominating convention, no effort was spared by Mr. Breslin, through the aid of his friends in the Treasury interest, who were among his political opponents, to seecure that object; and Mr. Gibson was nominated by his party and elected.

On the 14th of January, 1856, Mr. Gibson was inducted into office; and, as Breslin knew he would do, without solicitation or inquiry on his part, took possession, determined to appear to know and to see nothing; but as it should be revealed by the interests or necessities of his predecessor. His own testimony proves to what base uses a man can be born.

W. A. Hershiser, of Tiffin, who was selected by Mr. Gibson as his chief clerk, testifies that he entered the office, January 14, 1856—that he found $5,000 or $6,000 in currency in the drawer, but from what source it came, or who paid it in, he did not know. That he never saw Breslin pay Gibson a dollar.

The settlement between Bliss and Breslin was again re-enacted, and silence and secrecy again reigned throughout the Treasury. The books and papers of the office, as we have heretofore stated, show that $855,853 37 were to have been passed from the hands of one Treasurer to another; and yet no clerk in the office, nor any human being outside of it, must see a dollar or even its representative, or be permitted to

know anything of the conduct of these Treasurers who were engaged in an official and not a private settlement.

With the knowledge that this large amount was due to the State from his predecessor; and that to him alone could it be legally paid; and that to him alone, as the sworn guardian of the funds of the Treasury and responsible for their payment and security, the people would look. Mr. Gibson, as he says, received from Mr. Breslin but $353,865 34, and then never asks for the balance, or makes inquiry of what it consists, or where deposited, or whether diverted and lost, or what had become of it; but at once takes every step, in conjunction with Mr. Breslin, to conceal from the proper authorities, as well as the public, all knowledge in relation to it. He says Breslin never informed him of any of his losses, and that he had not the slightest suspicion that anything was wrong. That between his election and the time he entered upon the duties of his office, no communication was made to him of any kind, which made him think or even suspect, that he was to aid Breslin, in any manner, in carrying any deficit in his funds, or that there would be any difficulty in his closing his accounts, and paying over any balance found due, except the amounts of the suspended debts of the City Bank of Cincinnati, Commercial Bank of Toledo, and W. W. Cones and Co., and D. Beckel, $204,636 65, which had been stated by Breslin, in his last annual report, as suspended or lost. He says he knew there were outstanding certificates issued by Breslin to the County Treasurers, amounting to $760,715 70, included in the sum of $855,853 37, above stated, which he was bound to receive as cash on their final settlement, and for which Breslin was liable to the State; and yet he demanded no explanations from him upon the subject, nor did he seek any from other sources. In his own sworn statement, he says:

"I never asked Mr. Breslin to exhibit to me any statement, or to make any explanations as to why he did not pay over to me the moneys due from him, nor did I ask him to tell me where they were, or as to what kind of security, or paper, or condition, or in whose hands they were, *until after I went out of office;* and on my demanding such statements and explanations, he declined making any, and has not made any up to this time, and I am yet in as perfect ignorance of his affairs as I was at first, except as to my conjectures hereinbefore stated." These conjectures having reference to the Bliss, Elkhart and Greensborough matters.

He makes substantially the same statement to Mr. Sparrow, and

throughaut his testimony before us, he asseverates his entire ignorance of the use of any of the funds of the State by Breslin, except in legitimate official transactions, declaring that he implicitly believed that Breslin would be prepared to pay over at once all the moneys shown by the books to be in his hands, and because he did not do so, he was not led to suspect he had placed the funds beyond his reach or control.

Does any sane man believe that if Mr. Gibson really had implicit confidence in Breslin as an officer and an honest man, their personal relations having been previously of the most intimate character, and their official relations demanding that there should be no reservations in language or conduct, when he ascertained that $551,988 03 of the moneys due to the State by Mr. Breslin, or to him in his official character, were not paid to him, would never have demanded a word of explanation or any reason for the non-payment? If both these men had been honest, or even one of them, the explanation would have been at once given, or required. No circumstance could, in our minds, more strongly evidence the possession of a full knowledge, on the part of Gibson, of the embarrassed condition of the Treasury at the time he entered it. The systematic course in concealment pursued by him during the whole period he was in office, so implicates him as being in collusion and a confederate with Breslin, that a reference to a few facts developed by the testimony may be justified.

He took possession of his office January 14, 1856, and, as he now states, received officially but $353,865 34, when he should have received $855,-853 37, if he had not before been concerned privately in the abstraction of a part of it.

On the 14th of March, 1856, he makes and publishes an official statement of the condition of the Treasury, specifying particularly to what account the funds belonged, and of what they consisted, showing that there was, on that day, an unexpended balance in the Treasury of $1,004,225 22; thus, in just two months after he became Treasurer, declaring to the people that there was no defalcation in the Treasury.

On the 29th of March, 1856, in a letter addressed to the Hon. Alfred Kelley, Chairman of the Senate Committee on Finance, he stated that he had received from John G. Breslin, late Treasurer, from the 14th of January to the 3d of March, 1856, $836,101 57; and in his first annual report of November 15, 1856, he acknowledged the receipt of the entire amount

due from his predecessor, Mr. Breslin, except the sum of $6,399 92, which, however, he had charged to himself.

Previous to the making of Mr. Gibson's first annual report, some suspicions had been awakened in at least one branch of the General Assembly, which led to the passage of a resolution in March, 1856, instructing the Finance Committee of the Senate to inquire into the condition of the Treasury, its funds and accounts. That Committee made as minute an examination as possible in the time allotted them during a session of the Legislature, which resulted in their finding in the Treasury, or under the control of the Treasurer, or accounted for by him in a satisfactory manner, all the funds which should have been therein. At that time, Mr. Gibson stated that his predecessor had placed him in funds necessary to meet his entire liability to the Treasury, except $130,000; that in regard to the drafts, accounts, &c., reported by him, there was not an item upon which the money could not be realized in two days; and hoping his statement "might be satisfactory, he desired the Committee to be assured that it would afford him great pleasure to furnish any information within his reach or knowledge."

By his falsehood and duplicity, and by the aid of sundry banks and bankers, Gibson was enabled to deceive this committee as to the real condition of the Treasury. The funds belonging to the Treasury were not in it, nor within the control of the Treasurer, and the statement was false throughout.

The General Assembly, still impressed with the belief that a gross fraud was being practiced by Mr. Gibson, and that the funds in the Treasury were really endangered, if not then already lost, on the 11th of April, 1856, appointed a Joint Committee on Finance, with power to make a full examination into all the accounts of the Treasurer's and Auditor's offices, and to examine into the practices and transactions of the Treasurer—no regular examination having been had since 1847. By this committee, the accounts, as they appeared upon the books, were carefully examined, and such other evidence adduced, to substantiate or invalidate them, as were necessary. Witnesses, including both the Treasurers, Breslin and Gibson, were interrogated—statements demanded and furnished—and a personal examination and count of the funds actually in the Treasury was made; but while many evil practices and illegal transactions were disclosed by this committee, no defalcation in the funds of the Treasury was

discovered which had not been accounted for, or which proved there was any indebtedness on the part of Mr. Breslin, to his successor, or to the State. Mr. Gibson was again enabled, by false statements in every form, to elude the vigilance of the examiners, conceal the defalcation, and to stand acquitted of actual abstraction himself.

The manner in which this fraud, on the part of Mr. Gibson, was so successfully perpetrated, is fully disclosed in his testimony before us, as it had been partially in that before Mr. Sparrow. He swears before us, that the official statement made to Mr. Kelley, Chairman of the Senate Committee on Finance, on the 29th of March, 1856, that he had received from Mr. Breslin $836,101 57, was false—that it was not made up from any statements, memorandums, or data whatever, from Mr. Breslin or from any other source, but that the sums stated to have been received on the following days:

January	15,	1856	$24 703 92
"	18,	"	59,977 08
February	6,	"	29,345 82
"	16,	"	6,278 40
"	16,	"	35,634 57
March	3,	"	174,917 20
"	5,	"	151,379 18

were put down solely for the purpose of giving plausibility to the statement.

May it not yet be a question, notwithstanding Mr. Gibson's denial, that he was in possession of some statements, or memorandums, or data, from Mr. Breslin, by which he was enabled to make this statement? If he were not, it exhibits a low cunning, a guilty contrivance, to which no man with a particle of honor or honesty would resort.

The Joint Committee on Finance published in their report, "a statement of the condition of the funds in the Treasury, made by the Committee from personal examination, aided by the Treasurer and his clerks, December 15, 1856." From that statement, it appeared that all the money with which Mr. Gibson, or the Treasurer, was chargeable on that day, was then in the Treasury.

In reference to this particular statement, we asked Mr. Gibson the following question:

"What was the true condition of the Treasury on the 16th of December, 1856, and by what means were you enabled to satisfy the examiners that you possessed the amounts with which you were charged?"

To which Mr. Gibson made the following reply:

"The true condition of the Treasury was concealed at the examination in December, 1856, by means of loans, fictitious credits, and funds realized upon drafts upon County Treasurers. These items were as follows:

By credit in account with Kimball & Co., for my checks on them	$35,550
By certificate of Springfield Bank, obtained in the same manner	14 300
By credit of Piqua Branch Bank, obtained in like manner	28,400
By receipt of Forrer, Burt & Co., upon which payment was not then made	10,000
By draft of Bartlit & Smith, received for Auditor's drafts left with them for collection	34,000
By credit in account of same firm, on same account	54,628
By check of Seneca County Bank, for money unpaid at the time	10,000
By error in account of Trust Company, Cincinnati	12,000
By official certificates of deposit outstanding	4,850
By credit of Tomb, Huss & Co., on Curtiss & Co	11,980
By cash of Treasurers on Auditor's drafts	33,000
By cash of Treasurer of Adams county for Trust Fund	3,000
By loan of Banks in Wheeling, Virginia	30,000
By loan of Dunlevy, Drake & Co	41,000
By loan of Ohio Life Insurance and Trust Company, New York	31,000
By amount due Commissioners of Sinking Fund on draft	38,980
By amount loaned through B. E. Smith, in New York	55,000
By account of Atwood & Co., for proceeds of Auditor's draft	96,505
By balance stated as due from my predecessor	6,399
By remittance to Ohio Life Insurance and Trust Company from drafts on County Treasurers	12,925
	$593,517

In relation to the above, Mr. Gibson says: "I have arrived at the preceding statement from an examination of accounts and memorandums made at the time, as well as from recollection. To the best of my knowledge it is correct. By this means I was enabled to make a show of means in the Treasury, when in fact I did not possess them."

Without the fictitious credits furnished by the aid of banks and bankers, Mr. Gibson could not have made this deceptive and fraudulent statement. If these banks and bankers, knew of the purposes for which these credits were to be used, they are implicated equally with Mr. Gibson in the fraud, and merit, and should receive the condemnation of every honest man in the State. By such transactions they degrade themselves and their institutions to become aids and abettors in frauds and robberies, and provoke a spirit of hostility which they have no right to condemn.

Gibson swears that the credit in account of Kimball & Co., consisted of their certificates of deposit obtained *in anticipation of an examination of the Treasury*, and for which they held his checks upon them. After the examination the certificates were returned, and the checks cancelled. This was likewise the case with the Springfield Bank, $14,300; and the Piqua Branch Bank, $28,400. Here is $78,250 of "funds for the Treasury" created without a dollar of actual money, and solely for the purpose of practicing a fraud upon a legislative committee, and upon the people. It will be in vain for these banks and bankers to deny that they possessed knowledge of the purposes for which their certificates were to be used. They certified to an untruth when they certified that Mr. Gibson had deposited money with them payable on the return of their certificate. They never received the money, and never intended to pay the certificate. Bartlit & Smith, by giving the drafts and credits for $88,628, were parties to this same fraud, although they had a more plausible pretext in the shape of Auditor's drafts upon the County Treasurers.

Not satisfied with this last successful effort at deception and fraud, Mr. Gibson makes another quite as successful, although the facilities for concealment have been still further lessened by the act of the 30th of March, 1857. On the 9th of April, 1856, in pursuance of the fifth section of the act referred to, he publishes in the *Ohio Statesman* and the *Ohio State Journal*, "an abstract exhibiting the condition of the Treasury on the 7th instant," published as required by the act of March 30, 1857, showing that the total balance in the Treasury on the 7th of April, 1857, was $678,-041 04.

The law required this abstract to set forth "the amount of money actually in the Treasury at Columbus; the amount of drafts, bills of exchange, and other evidences of debt held by the Treasurer, specifying the amount of each, the date thereof and when payable, with the names of the makers,

endorsers, acceptors and drawees thereof; the amount of deposits in the several depositories of money belonging to the Treasury, which abstract shall be attested by the oath of the Treasurer, or of his principal accounting clerk.

In pursuance of this part of the law, Mr. Gibson makes his statement of "drafts, evidences of debt, &c.," amounting to $146,150 02, and there stops, saying nothing as to moneys,—leaving it to be inferred that the balance, $531,890 02, was in cash in the Treasury. To this statement he makes oath, as the law requires. In answer to our interrogatories concerning this statement, Mr. Gibson replied:

"In the sworn statement made by me on the 9th of April, 1857, being an abstract exhibiting the condition of the Treasury on the 7th of that month, published as required by the act of March 30, 1857, was stated the true condition of the Treasury at that time, for by correcting the error in the deposit account with the Trust Company from $47,450 09 to $7,540 09 which was an error in copying, or by the printers, and adding together the drafts, evidences of debt, &c., and deducting that amount from the amount which the books showed should have been in the Treasury, ($678,041 04,) and the real defalcation at that time, of $571,981 02, would have been apparent. I made that statement, intending it to be a truthful representation of the then condition of the Treasury, for I anticipated some action upon it by the Legislature, and was determined that the statement should make known the actual condition of the Treasury, as far as I knew of it. I was never questioned as to whether the balance shown by that statement as corrected above, or as made, was in the Treasury. Had I been so questioned I should have answered that the money was not there."

That such a statement should have been permitted to pass unquestioned is now astounding to every one, yet neither the General Assembly then in session, nor the Governor or other State officer, ever called its truthfulness in question, or examined it with sufficient attention to discover its real character. Hence, the Treasurer, with a boldness and effrontery unequaled, still presuming upon the credulity of the public, and the want of proper vigilance on the part of the State officers, publishes, under oath, his defalcation, and is yet permitted to hold the keys of the Treasury for months, unquestioned and undisturbed.

We have referred to these persistent and successful efforts at deception on the part of Mr. Gibson, because, to our minds, they are conclusive that

he must have been actuated by some other and more important consideration, affecting him personally, and perhaps criminally, than to conceal the defalcation of his predecessor only. Concealment secured him, as well as Breslin, from disgrace and ruin, and in the vain hope that the $100,000 investment at the West, and others, it may be, unknown to us, might yet terminate more fortunately than they then promised, he labored in the effort to prevent an untimely disclosure. If he had not been arrested in his career of duplicity by untoward events which overwhelmed him, he intended, he says, making a public announcement after the adjournment of the Legislature in 1857–58; but not until then, nor until he had obtained from Breslin the assets in his possession representing the Sinking Fund.

He says: "I then believed, and still believe, that the best interests of the State would have been promoted had I been permitted to carry out my purpose, and that I was acting for the best for the State. I was fearful that an exposure, or any violent proceedings would put Breslin on the defensive, and myself and sureties, including Breslin's sureties, were likely to suffer loss by pushing Breslin and those behind him to the wall. I judged that any assets that Breslin might have, would certainly not be improved by such measures, and it was reasonable to suppose that Breslin must have investments which would be seriously jeopardized and reduced in value by a public announcement of his defalcation."

We have thus given Mr. Gibson the full benefit of his reasons for concealing the defalcation of Mr. Breslin, if it were his, and we have also given some other reasons why its concealment was desired. The conclusion is forced upon us that Mr. Gibson was but continuing to act, after he became Treasurer, his part in the great scheme of the Treasury defalcation, and concealment was as necessary a part of his own protection as it was that of Mr. Breslin.

Before any reference is made to the transactions of Mr. Gibson, in which Mr. Breslin seemingly had no part, but which involved the use of money directly from the Treasury by Mr. Gibson himself, we will refer to some incidents in the conduct of the two conjointly, as indicative of a mutuality of interest, as well as desire for concealment.

In his examination, on the 17th of December, 1856, before Mr. Taylor, of the Joint Finance Committee, Mr. Gibson was asked the following question:

"Has any public officer, within the last two years, borrowed any money

for the purpose of meeting the public liabilities; and, if yea, how much, and when, and where was the money borrowed, and of whom, and what were the securities given?"

To which he replied:

"I must state that I am not in possession of any knowledge as to any public officer in Ohio borrowing money of any one, or any amount, *within the last two years, for the purpose of meeting the public liabilities.* Such may have been the case in numerous instances, but no one has advised me of it, either before or after its being done."

This question was asked by Mr. Taylor for the purpose, undoubtedly, of ascertaining "if any of the checks, certificates, &c.," which Mr. Gibson had exhibited to him as funds belonging to the Treasury, on the day previous, had been borrowed for that purpose. Mr. Gibson, in his reply, quotes the words from the question, "within the last two years, for the purpose of meeting the public liabilities;" and replies specifically to that part of the question only, leaving, as usual with him, a dodging-place from the pains and penalties of perjury; for in his answer to us, in reference to this statement to Mr. Taylor, as we have shown heretofore, he swears that the whole sum then exhibited was, in fact, borrowed, and did not of right belong to the Treasury; but that its true condition was concealed by means of loans, fictitious credits, &c.

In his testimony before us, referring to the very statement of December 16, 1856, made to Mr. Taylor, he says:

"The loans amounted to near $226,000, and were necessary to the wants of the public service. Without them, the drafts upon the Treasury could not have been paid. The loans were repaid from the revenues when collected in December, 1856. Whilst it is true that the loans were made without authority of law, or the advice of any one, they were essential to the interests of the State in 1856, no less than in 1857, when loans were made by others after my resignation."

There are, however, some other tests of truthfulness which we intend to apply to Mr. Gibson, in connection with this question of Mr. Taylor's and his reply. In his testimony before Mr. Sparrow, Mr. Gibson states that he met Mr. Breslin in New York in June or about the 1st of July, 1856; that he had no knowledge as to the object of Mr. Breslin's visit, or of his negotiations, "as I had no conversation upon that subject with him. We

had transacted no business together. His visit, so far as I know, had no connection whatever with the payment of the July interest."

Mr. Gibson swears before us, that he had trouble to meet the July interest of 1856; that he had relied upon Breslin to furnish him with some funds for this purpose, and never learned that he would be disappointed until after he returned from the Philadelphia Convention. In his words: "I saw Breslin on my return about the 20th of June. He told me he had been disappointed, but expressed a most positive assurance that at an early day it would be settled. He gave me no money at that time, nor did he aid me, by his credit or otherwise, to make up the July interest, nor has he paid me anything since."

At a subsequent examination before us, in answer to the following question:

"Will you state what amount you borrowed, at that time (June, 1856), of John Thompson, and on what collaterals, and did Breslin participate in the negotiation of the loan?"

Mr. Gibson replied:

"I never made a loan of any amount with John Thompson, nor did I ever have a business transaction with him. B. E. Smith, of Bartlit & Smith, advanced to me, as Treasurer of State, at that time, $54,000, which, I am informed, he obtained of or through John Thompson. *I furnished Smith the collaterals to obtain this loan. Of what they consisted, I decline to answer. I decline to answer, because, without seeing my counsel, I do not know but the answer might affect me criminally.* I am not aware that John G. Breslin participated in this loan, or knew anything of it. I never had any conversation with him in relation to it. On my way to New York, at Cleveland or Dunkirk, I fell in company with Mr. Breslin. I had no arrangement with him to meet me in New York; but I had with Mr. Smith, having advised him that I might be short in funds to meet the July interest, and would need his assistance in obtaining them. Neither I, nor Breslin, nor Smith, to my knowledge had any amount of Ohio, Domestic or Foreign Bonds. The loan from Smith, or through him, was paid to me on Thompson's check. I went to New York, in June, 1856, with about $320,000, and I obtained $30,000 from the Trust Company on the Seneca County Bank draft, and $54,000 through Smith, as above."

How does this testimony of Mr. Gibson's comport with his answer to Mr. Taylor, above given? Mr. Gibson did borrow, notwithstanding his oath

to the contrary, "within two years, for the purpose of meeting the public liabilities," $54,000 of B. E. Smith, upon such collaterals as it would affect him criminally to name. The Seneca County Bank draft of $30,000, was the same $30,000 draft which Gibson, if Johnson is to be believed, used surreptitiously; and a part of the $320,000 were loans.

But did he borrow $54,000 of B. E. Smith? and did, or did not, Breslin aid in the payment of the July interest of 1856? In that part of the testimony of B. E. Smith, taken on the 19th of January, 1859, he swears that: "In the summer of 1856, John G. Breslin borrowed our note (Bartlit & Smith's) for $50,000 or $55,000, for the purpose of raising money in New York. I wrote a letter in his behalf, to John Thompson, of New York, to enable Breslin to get the note discounted. I did not take from Breslin any collaterals or security, but simply an agreement from him to pay the note at maturity, which he did, or if I paid it he furnished the means. Gibson had nothing to do with the transaction. It was entirely with Breslin. What he wanted with the money I do not know, and was never informed. I do not know anything about the nature of the collaterals Breslin had to put up with Thompson as security. He told me he had some, and I knew if he got the money he would have to put them up. I had no arrangement with either Breslin or Gibson to meet them in New York at the time this loan was made, neither did I go there, or take any part in it except as above stated. I made no loan for Gibson from John Thompson, or any other party, at that time. I have no recollection of being offered any domestic bonds or State stocks by either Gibson or Breslin, as collateral for this or any other loan, except those left with Thompson in January, 1857. [These bonds will be hereafter referred to, but they are in no way connected with this transaction.] Some time after July, 1856, I was asked by Thompson, in his office in New York, as to the character of Ohio domestic bonds, and as connected with the inquiry, learned from him that some domestic bonds had been placed with him as collateral on the note referred to. I cannot tell how this note was paid, whether by me or Breslin, or whether it was all money or not. I know that he furnished the means to pay it. I do not know that it was paid by the sale of the collaterals. I never was in New York with Gibson or Breslin, or both, for the purpose of effecting loans for them. I never was in New York with Gibson, except in the winter of 1357—January, I think—excepting after his resignation."

The question naturally arises, what could have been the relations between Breslin and Smith, that induced Smith, after Breslin had ceased to be Treasurer, to loan him the note of Bartlit & Smith for $55,000, without security, and only an agreement for Breslin to pay it? No banker, like Smith, ever lent his note for $55,000 without a pecuniary motive. But the truth of this transaction must be with some of these parties; but the disagreement being so marked between Mr. Gibson and Mr. Smith, it will be necessary to refer to the statement of Mr. Breslin, to reconcile, if possible, this conflicting testimony. He says:

"In answer to your request to explain the circumstances of a loan made to Mr. Gibson from John Thompson, in New York, in June, 1856, my recollection is this: I was upon a casual visit to New York, and while there called upon Mr. Coe and Mr. Ludlow to make a loan, I believe of $50,000. They declined to make the loan. I co-operated with Mr. Gibson and Mr. Smith, *both then in New York*, in negotiating the loan with John Thompson. A note was given for the loan, and collaterals deposited with Mr. Thompson. I do not remember whose note was given, or the nature of the collaterals deposited. The object of this loan was to furnish money to be applied to the payment of the interest of the State debt, payable July 1, ensuing."

Instead of reconciling the testimony of Gibson and Smith, Breslin disagrees with both.

The truth of the whole matter is, that Gibson ascertained that it would be exceedingly difficult for him to raise the means to meet the interest due in July, 1856; and that upon consultation with Breslin, it was determined some resort must be had to whatever was available for the purpose within their reach. The State Treasury as aforetime, contained domestic bonds deposited by banks as security for their circulating notes, and it is believed there were some fraudulent domestic stocks in existence. Breslin borrows the note of Smith (who, of course, must have had satisfactory reasons for loaning his note for $50,000, his only security being Breslin's agreement to pay it), and meets Gibson in New York with the collaterals. As appears by the testimony of George S. Coe, and the letters of Edwin Ludlow, cashier of the Ohio Life Insurance and Trust Company, to the Home Office at Cincinnati, they endeavored to borrow the money required, $55,000 or $60,000, from the American Exchange Bank, and from the Trust Company, and offered as collaterals Ohio domestic bonds; but both

Coe and Ludlow declined to make the loan, as they disliked the appearance of the bonds, and thought it a suspicious circumstance that such securities should be in the possession of these parties. The loan was, however, effected from John Thompson, and upon the hypothecation of these very questionable securities. Thompson ascertained the securities were questionable, and endeavored to obtain possession of the money, but it had been paid by Gibson into the Trust Company, to the credit of the Fund Commissioners, and could not be withdrawn.

The following letter, dated July 1, 1856, from E. Ludlow, cashier of the New York Office of the Ohio Life Insurance and Trust Company, to Charles Stetson, President of the Company, Cincinnati, presents the transaction in its true light:

"It has been 'touch and go' to-day with the Commissioners of the State of Ohio, in the matter of the interest money. The Treasurer arrived here this morning, and only had with him $250,000 to pay $480,000 interest. That amount he deposited with us, with a request that we should go on and pay. He has added to it about $30,000 more, making in all about $300,000. Luckily for them, the payments to-day were less than that. I have notified them that they must arrange with me this afternoon, to place the balance here before ten o'clock to-morrow morning. Breslin is here with Gibson, and they have with them about $200,000 of Domestic Bonds, one lot of which I have seen They are bonds which have been brought out from some dark corner, as they bear a canceled mark. The above-named gentlemen are flying around to-day, much to the annoyance of the Attorney General, Kimball, who does not appear to know of what is going on, but who has expressed to me his fears that there is something wrong somewhere. What is not the least singular part of it, they have only asked us for some $30,000 in the shape of discount of good paper, and are evidently unwilling to let us know the extent of their wants. Their outside operations, of course, reach me, and I have heard of them at the American Exchange Bank, Bank of Commerce, John Thompson, Bank of Republic, and at Duncan, Sherman & Co. They borrowed $50,000 of John Thompson, on $75,000 of the bonds, at a heavy shave; and he in turn took the securities into the Bank of Republic to get the same amount at six per cent.; but they declined lending, at the same time pointing out their objections. He then got alarmed, and called upon Gibson and Breslin for a return of his check, which had been given to me,

and being credited to the account of the Commissioners of the Sinking Fund, for the payment of interest, could not be disturbed except upon a requisition signed by two of the Commissioners, and it was not convenient for Mr. Gibson to call upon Mr. Kimball to join him in that."

Mr. Coe states in his deposition, that some time in 1856, "John G. Breslin came to my office in the American Exchange Bank, and wanted to make a loan with us, and showed me, I think, Domestic Stocks of the State of Ohio, as collaterals. I declined the loan. Stocks of a similar character, to the amount of $50,000 to $100,000, were afterwards referred to me for information, on which other parties were requested to loan, and I advised against it, from the fact that Domestic Stocks of the character these appeared to be, seemed to be out of their natural channel in this market."

In what manner or by whom the note discounted by Thompson was paid, is unknown. But that the transaction was stained with fraud in some form, is apparent from the evidence, and from Gibson's refusal to testify as to the character of the collaterals.

An incident connected with these Domestic Bonds came to the knowledge of one of our Commission (Mr. Reemelin), who, in his examination in New York, learned that Thompson had borrowed some money of Mr. Cunard, upon hypothecation of some Ohio securities, and on application to that gentleman, learned that on the 6th of June, 1856, he loaned Thompson $29,000. On the 9th of July, Thompson paid $9,000. On the 4th of August, to secure the balance of $20,000, he hypothecated $20,000 of Ohio Stocks, which Mr. Cunard, in a few days thereafter, upon inquiry, ascertained were suspicious in their character, and immediately thereupon requested from Mr. Thompson a repayment of the loan, which was made on the 6th of August, 1856.

That purloined or fraudulent domestic stocks were in the possession of these parties, even while Breslin was in office, is shown by the pretended deposit, in the Seneca County Bank, of a certificate of domestic stock, No. 792, for $30,000, with the Treasurer, on which to obtain circulation. No such certificate was ever legally issued; and if any was in existence, it was probably used in New York on the occasion referred to.

In the form in which this transaction is presented, coupled with his testimony before Mr. Taylor, Mr. Gibson is essentially compromised, both in his veracity and in his official integrity.

Gibson's management of the internal affairs of his office was in total disregard of every obligation of official duty. It cannot be alleged that he was incompetent for the discharge of the duties of his position; for he has exhibited a skill and tact in guarding his own concealed interests, which, if directed to higher objects, could have been made available for the public good.

He was absent from his office the greater portion of the time he was Treasurer. During the political campaign of 1856, he was at Columbus but little—the office being, to a great extent, under the charge of Mr. Hershiser, the cashier or chief clerk, and Mr. W. O. Spaythe, Register in the bank department, who was formerly Johnson's and Breslin's cashier of the Elkhart County Bank, and agent for the purchase of its depreciated currency, and subsequently Breslin's cashier of the Cumberland Savings' Bank. Mr. Hershiser states, that he never knew Gibson to take an account of the moneys in the Treasury; neither did he himself ever know the exact amount therein, for while his books would show how much there should be, never having had access to the inner vault, he could not tell how much there actually was within it. Probably nothing. Gibson would frequently inquire as to how much there should be, but never sought to ascertain, by an actual count, how much there was; neither did he ever inquire into the accounts, but would simply look over the cash-book when he came to Columbus. Mr. Hershiser frequently reported to him voluntarily, and explained his transactions. Instead of being the Treasurer of State, to take charge of the funds in the Treasury, his time was engrossed by watching and operating with the funds outside of the Treasury. There was nothing inside seemingly worthy of his attention.

Mr. Gibson, while Treasurer, continued his connection with the Seneca County Bank in every conceivable objectionable form. His transactions with it, in the first six months of 1856, amounted to over $300,000. Through this institution, and the Tiffin bankers, he manufactured funds to any extent necessary to deceive committees of investigation, and to obtain a questionable credit for the Treasury. On the 14th of March, 1856, he held its certificates and drafts to the amount of $134,617 21; and on the 28th of March, he held $113,078 59; and throughout his entire term he obtained from the bank, when necessary, all manner of checks, drafts and accommodations, within the power of the bank through the credit and aid

of the State Treasury, to make available to him in his embarrassments or speculations; and even after his resignation, he used it; and then again he furnished to the bank, when in need, the assistance of the Treasury, by deposits, protection of circulation, and by the issue of fraudulent circulation, as will appear in another part of our report.

As an indication of Mr. Gibson's illegal designs upon the Treasury and of his ideas of the uses to which it could be put, not only for the purpose of direct return of money to himself, or the profits of advantages or speculations, but to create a community of interest, and a mutual desire for secrecy and protection on the part of other State officials, we need but refer to his loan to Mr. Kimball, the Attorney General, and one of the Sinking Fund Commissioners, made in the spring of 1856. Philo Chamberlain, and Mr. Kimball, his brother-in-law, as is stated in Mr. Taylor's report, formed a co-partnership as bankers in Cleveland, in 1856, under the name of "Kimball & Co.," and immediately thereafter received from Mr. Gibson a deposit of $30,000 of the public funds, under the pretence of returning it on the 1st of the following July, for the purpose of paying the interest then due in New York. This deposit was in fact but a loan to this firm; and the farce of selecting them as public depositors, and of requiring them to give bond, was gone through with solely to deceive the public as to the real intention of the parties. They gave bond without date, in the sum of $50,000, and Philo Chamberlain, one of the firm, and Isaac L. Hewitt, of Canal Bank of Cleveland notoriety, and George W. Neil, and J. F. Chamberlain, were the sureties. The $30,000 was not paid in July following, and a part of it (some $10,100) or of other deposits with the firm, is yet unpaid.

These deposits for the purpose of transfer, free of exchange, to New York, or elsewhere, were usually made the ridiculous pretext for loans. Mr. E. S. Hamlin, in his testimony, says: "In the winter and spring of 1957, I proposed to Mr. Gibson, Treasurer of State, to transfer for him to New York, free of exchange, in time to meet the July interest, $5,000 or $6,000, and to allow him interest upon the amount at six per cent. from the time I obtained it until the day of payment;" and, once upon a time, somebody proposed to the Secretary of the Treasury of the United States to transfer $100,000 from the Treasury at Washington to the Sub-Treasury at New Orleans, but it was suspended in transitu, and has so remained, and the United States Treasury will be forever minus the amount. Besides

the demoralizing tendency of all such transactions, they are in violation of law, for no law ever contemplated that the State Treasury was to be used as a means of building up banks, or bankers, or railroad companies, or of sustaining their credit.

The instances in which Mr. Gibson made direct loans of money from the Treasury, as disclosed by the testimony, are but few, though there are numerous so-called deposits. During the first year of his term, as has been shown, the Treasury was in an embarrassed condition. He found it difficult to meet his first payment of interest, and still more difficult to meet the second in January, 1857, as for that purpose he was undoubtedly compelled to use funds realized from the sale of Seneca County Bank State bonds, and perhaps others, as will appear hereafter; and before the July interest of 1857 became payable, the defalcation was discovered, and he was forced to resign. He, however, in the fall and winter of 1856, at the request of Mr. E. S. Hamlin, concluded to make a small loan to the

LEWISTOWN RESERVOIR COMPANY.

Mr. Gibson swears that in September, 1856, he loaned to E. S. Hamlin $12,000, at ninety days, on draft of Hydraulic Company, indorsed by J. G. Young, E. S. Hamlin, and Joseph Cooper. Late in the winter following he let Hamlin have $12,000 more on his sight draft on E. V. Hamlin, New York; and soon after he let Hamlin have $5,000 or $6,000 more for himself on his sight draft on New York. Hamlin says this was an arrangement to transfer this amount to New York, free of exchange, by the first of July. Of the two drafts of $12,000 each, Gibson says: "These amounts belonged to me, or were of my funds, or of funds held by me as guardian of the heirs of Richard Williams and Jacob Fleming, except about $4,000 on the draft of E. S. Hamlin, which was of public money," and the loan of $6,000 was also "from funds of the State." The entire loan to Hamlin was, therefore, $30,000, of which, Gibson swears, $10,000 came from the State Treasury. Mr. Gibson further states, that "Mr. Hamlin did not assign to me at the time of making application for these loans any reasons of a public character, and no reasons of that nature operated with me in making the loans, as I considered it a transaction of a private nature entirely." If the loan of $10,000, which he swears was from the funds of the Treasury, was of a "private nature entirely," was the investment of the $100,000 in western lands, sworn to by Gov. Ford, as confessed to

him by Gibson, a transaction of a similar nature? In further explanation of this transaction with Hamlin, Mr. Gibson swears that the moneys were paid to Hamlin in the city of Columbus, and *all*, probably, in the Treasurer's office; that he kept all, or most of his private funds, as well as notes, deeds, mortgages, and private papers, and correspondence in the Treasurer's vault, in a small tin box, which was his own private property.

In reply to this question: "Did you take that money out of that tin box?" he replied:

"I will state that, according to my best recollection, I did in every instance. It might have been paid to Hamlin in part by drafts on the Trust Company, Cincinnati, or on J. G. Young, Cashier, or upon Atwood & Co.; but if so, the amount was replaced from my own private funds, kept as I have stated."

And in reply to this question:

"Did you keep a regular account of the moneys of the State in the inner vault, and did you know by actual count the amount of moneys therein, and how often did you make such count of the moneys as would determine the precise amount?

He replied:

"I did so frequently; but how often, or the result, I cannot state, either from recollection, or from any statement at my command."

[Hershiser, his cashier, swears he never took any such account of the funds in the treasury and never made such examination.]

"I attempted to keep my private funds distinct from the public funds; but found it difficult to do so, and believe I made no attempt to do so after April, 1857.

"I often used private funds to meet a public debt, and sometimes I may have used public funds in paying private liabilities."

This same difficulty in distinguishing private from public funds, existed during the term of Mr. Bliss, and was the cause of so much uncertainty and embarrassment in his attempts to distinguish between them, that at the close of his term of office, his private interests had gained upon those of the public to a large extent.

Mr. Hamlin, in his testimony, does not entirely corroborate that of Mr. Gibson in relation to this loan. As an inducement to Mr. Gibson to make this loan he did assign reasons of a public nature under the supposition, we presume, that if he obtained the loan from the State Treasurer it would

be from public funds, but upon Mr. Gibson's intimating to him that he had $28,000 of his own money from which he could loan the Company sufficient to keep the work progressing, Mr. Hamlin borrowed $24.000 and agreed to pay twelve per cent. interest per annum for the loan. Gibson swears that the rate of interest was six per cent. Whether this sum was used by the Company for which it was obtained, for the purpose solely of constructing the Lewistown Reservoir, was not one of the purposes of our investigation, the General Assembly having assigned the special duty of examining into the circumstances of the contract, and rights of the contractors, to a special commission created for that purpose. All that we felt authorized to do was to inquire into Gibson's acts as Treasurer, and, in doing so, we ascertained the fact just stated, and we soon became satisfied that the loan to Hamlin was for this Reservoir Company and that the money had been expended in its construction, and that it would probably be attempted to make the State pay the contractors for all the moneys thus expended, and that on a division of assets, the very money taken from the State Treasury would be paid out a second time for the benefit of the Company, and that Gibson would probably receive his proportion of it. We felt bound to communicate our suspicions to the Commission then in session, and to protest against such payment, and we are happy to learn by a report recently made by that Commission that this $24,000 by this means can be saved to the State. Our object was to ascertain if possible whether any, and if any, what portion of the loan to Hamlin was from the funds of the Treasury, and whether any portion of them had been returned to it.

The Commission to which we refer, came to the same conclusion as we did, that this loan of $24,000 was made from the funds of the Treasury. We cannot give credence to Mr. Gibson's declarations, under all the circumstances disclosed by the testimony, that this loan was from his private resources. He swears $4,000 of it was not, and yet calls it a private loan—and he also states, that a portion of it—in fact the *whole of it*, was the money of the heirs of Richard Williams and Jacob Fleming. He says: "I entered in my memorandum of accounts the statement that the money loaned Hamlin, was the money of the heirs of Richard Williams and Jacob Fleming, and that the drafts of Hamlin represented their interest or were their property." An examination of the records of Seneca county, referred to in the report of the Reservoir Commission, proves that Mr. Gibson, Trustee and Attorney for the heirs referred to, had no such sum of money,

and that it was not loaned in any such direction. From the testimony before us, and from the contradictory character of Mr. Gibson's testimony in respect to this matter, and from other evidence so generally impeaching his official integrity, we can but concur in the opinion expressed by the Special Commission in their report upon this Lewistown Reservoir, that the loan to Hamlin was made entirely from the funds of the State.

It is not pretended that the $6,000 loaned to Hamlin was from any other source than the Treasury. Mr. Hamlin states that he proposed to Gibson, as Treasurer of State, to transfer this amount to New York, and Gibson swears the loan was made from the Treasury. This loan was in part paid, as Gibson swears, to him in New York after he resigned, $4,861 being received by him and paid to the Trust Company, and he received from Charles L. Johnson a draft of Harper, Ayers, Robert & Co., on Atwood & Co., for $3,000 which he paid for in Hamlin's paper, and that he also paid the Trust Company $3,000 more which he obtained in cash as proceeds of Hamlin's paper, making together $10,861, paid by Hamlin on the $30,000 borrowed according to Gibson's statement.

Hamlin says he borrowed some $22,000 exclusive of the $6,000, transferred to New York, which he paid in cash by remittances to Gibson in New York after his resignation—he cannot tell the exact amount, and for this he settled with Johnson—the cashier of the Seneca County Bank, by giving him his own note for $5,000 which is yet unpaid, and for the balance the paid up stock of the Reservoir Company, that is stock on which there were to be no further assessments, at fifty cents on the dollar. He transferred to Johnson between $40,000 and $45,000 of this stock. Assuming the $42,500, of the exact amount of the stock transferred, and Johnson says it was over $40,000, at fifty cents on the dollar it would amount to $21,250, and with the $5,000 note now unpaid, $26,150, which Hamlin arranged with Johnson, showing therefore, that Gibson did not receive in New York any payment on the loan. But the testimony of C. L. Johnson is conclusive, that Hamlin has never paid anything in cash on the loan. He states that Gibson transferred to him in part payment for the $32,128, which Gibson owed the Seneca County Bank for a part of the bonds abstracted by him from the Treasury, these notes or drafts of Hamlin's. He says:

"I telegraphed or wrote by letter, or both to Hamlin, that I should send them forward to New York, if I did not hear from him. Hamlin came

soon after to Tiffin. He wanted to see Gibson before making his settlement or payment. He then had an interview with Gibson, who after the interview with Hamlin suggested to me to take stock in the Reservoir Company for a portion of the claim. He referred me to Dr. Paul, of Defiance, as to the value of the stock. I saw Dr. Paul, but got very little useful information from him. I then left the claims and paper connected with it, with Gibson to arrrange with Hamlin the best way he could, with the belief that he could do better than I could. Mr. Gibson settled as I understood, and gave me two drafts of $2,500 each, of Hamlin's, on his brother in New York, and he also informed me he had taken stock for the remainder. The two drafts are protested for non-payment, and are in my vault at Tiffin, as I believe. The stock Mr. Gibson has not handed over to me; he showed it to me—it was over $40,000. He took it for about fifty cents on the dollar. Hamlin never paid anything on this claim, either to Gibson or myself to my knowledge. He has been promising from week to week to Gibson, as I am advised, to raise some money for us, but has so far failed. He has received back his notes and drafts, except the $5,000 above stated, and I have had no other transaction with him."

There is no evidence, therefore, that any part of this $24,000 loaned to Mr. Hamlin has ever been paid into the State Treasury, or to Mr. Gibson even, except by the stock of the Company which he now holds. This stock Hamlin received from the Company, at twenty-five cents on the dollar, but transferred it to Johnson or Gibson at fifty cents, thereby making a comfortable little sum for himself by the operation of borrowing money from the State Treasurer.

The difficulties which surrounded Mr. Gibson in the payment of the July interest of 1856, still pursued him. He was unable to pay the loan of John Thompson with the spurious or purloined collaterals referred to, and was forced by some means unexplained to let Bartlit & Smith have a lien upon a better class of securities. The $30,000 Seneca County Bank draft, which he obtained, he neglected to pay, although Johnson gave him the currency expressly for the purpose; but the exigencies of his position compelled him to use the currency for the ordinary disbursements of the Treasury, and Johnson had to wait for his money until the following January. The demands upon the emptied Treasury still increased, and a resort must be had to further loans, and Gibson, therefore, made application to Dunlevy, Drake & Co., at Cincinnati. On the 20th August,

1856, he obtained a discount from this firm of six notes of $5,000 each, payable $10,000 in 30, $10,000 in 45, and $10,000 in 60 days. These notes were renewed October 22d, and paid by drafts upon different County Treasurers in the latter part of December, 1856.

Mr. William F. Drake, one of the partners in the firm, stated in his deposition that—

"Mr. Gibson deposited with us as collateral for the loan $31,000, or about that sum, of Ohio State Stocks. I cannot remember the numbers nor the amounts of the several certificates. There were six or eight of them. They were endorsed in blank—such is my opinion—but not endorsed by Gibson. The name of Thomas Moodie, Cashier, was on one of the certificates; that of B. Winters, Cashier, was on another, and they may have been transferred to other parties; but I do not know certain. The Stocks remained with us until the notes were finally paid. I gave Gibson a receipt for them when he first deposited them, and in which was entered a specific description of each stock certificate. This receipt Gibson surrendered to us on settlement; but I have hunted for it and cannot find it and I have an impression that I destroyed it at the time."

Mr. Gibson admits making this loan, but says:

"I decline to state what collaterals I deposited with them for the reasons stated above; as to the collaterals given to Smith, I do not remember whether Moodie or Winters' names were upon the collaterals."

The collaterals given to Smith or to John Thompson on the $55,000 loan of July previous, were, as already stated, it is believed Ohio Domestic Bonds, in some way purloined from the Treasury. Gibson refused to answer as to their nature, because his answer would affect him criminally. He repeats this same criminal proceeding in his loan with Dunlevy, and in fact continues it in some form by the use of bonds deposited with him as Treasurer until the final catastrophe of the disclosure of the defalcation, and the over-issue of the Seneca County Bank circulation of $34,657, in April, 1857, and the abstraction of the Seneca County Bank Stocks of $132,128 14.

In December, 1856, Mr. Gibson, as we have shown by his own sworn statement, found himself a borrower for $226,000, and not for the purpose of paying the ensuing January interest, but to meet the payment, to a great extent, of the moneys improperly used or borrowed to pay the interest of the July previous, as well as the ordinary disbursements of the Treasury.

To pay these loans, and to meet the January interest, he was forced to rely upon the receipts from the County Treasurers of the taxes of the current year, and upon still further loans; and even from these sources a sufficient amount could not be obtained. He was, therefore, forced to resort to the use of the bonds deposited with him as the Treasurer of State.

In November and December he sent forward to New York, to John Thompson and others, the Seneca County Bank bonds of 1856 and 1860, ($132,128 14) then under his control, for the alleged purpose of sale, in order to reinvest in the bonds of 1886; but in reality for the additional purpose of having the means at hand to raise the money in case of failure to realize from other sources to pay the January interest. Not only did he use the bonds of Seneca County, but he deposited with the Trust Company, for the same purpose $11,000 of the bonds belonging to the Champaign County Bank; $16,000, City Bank of Cleveland; $5,000, Miami Valley; $ 3,000 Franklin Bank, Zanesville. They were all the bonds of 1856, belonging to these Banks, and were taken to New York by Auditor Wright to be redeemed, and the bonds of 1886 purchased in their stead.

How Gibson got these bonds in his hands is a matter for Wright and Gibson to explain; but that he got them in his possession is certain, and it enabled him to hypothecate or obtain money upon them for the time being.

It appears that Thompson about this time, January, 1857, purchased for Gibson the Seneca County Bank, and the other banks named about $160,000 of the bonds of 1886, for which Gibson paid him by the Seneca County bonds of 1856, $31,000, and 1860, $41,000, and in cash obtained of Atwood & Co., $81,000. The money in the hands of Atwood & Co., belonged to the State, having been remitted to them, as Gibson says, to meet the January interest, and the money was repaid to the State by $89,000 of bonds deposited with the Trust Company, being those of the banks named, and $44,000 belonging to the Seneca County Bank, as he says. And this money was again paid by the use in some unexplained manner of the Seneca County Bank bonds, or through money received from County Treasurers in the February settlement.

In this, as in all the transactions of Gibson as Treasurer, he seems to have had two engines constantly at work, each requiring all his skill for their successful management. He had the State Treasury in an embar-

rassed condition, and he had the Seneca County Bank, a necessary appendage to it, both to be managed to subserve his interests or his necessities. So blended did the two become, that he could not distinguish the means or the wants of the one from the other. When the Treasury needed aid he resorted to the bank, and when the bank required assistance he resorted to the Treasury. Bartlit and Smith and Breslin, to the extent of their ingenuity or of the means in their control, were but the adjuncts, and when loans were to be made upon purloined collaterals, they all co-operated, and yet neither affected the loan or would assume the responsibility for it, or would, if they knew, tell the character of the collaterals. Thus, in the fall of 1856, the bonds of the Seneca County Bank were in every varied form made to become the element of successful loans, and of averting a disclosure of the defalcation.

"Pressed by private and official business," Gibson left $35,000 of the 1886 bonds of the Seneca County Bank remaining with Thompson of New York, "entirely forgotten," and not until after his resignation did it occur to him to call the attention of B. E. Smith to the fact. Still further and harder pressed in January of 1857, for funds for the ordinary disbursements of the Treasury at home, and for the payment of loans abroad, he resorted to the use of all the Seneca County bonds, $100,000 of which were hypothecated to Atwood & Co., for advances made; and becoming still more entangled in the meshes of his continued embarrassments, and to procure still further aid, he directs his clerk, Mr. Spaythe, to issue to the Seneca County Bank $34,657 of additional circulation, in the vain hope that something might arise to postpone the evil day, or fully avert the foreshadowed calamity. He then knew the $35,000 "forgotten" bonds with Thompson were held with a grasp not to be released except by the payment of a loan impossible for him to meet: and he well knew the $100,000 with Atwood could not be released; and he knew, in fact, that from no source then open to him, could the money come to purchase additional bonds to justify the issue of the circulation, or to protect it. He seems to have fully awakened to the consciousness that the dark hour was drawing nigh when he wrote the hurried letter from Buffalo to Johnson to surrender to the Treasurer the over-issued circulation.

An instance of the tendency of these mingled transactions to create impediments in the veracity of those connected with them, is furnished by

the testimony of B. E. Smith, as to this negotiation with Thompson for the sale of the Seneca County Bank bonds.

It seems that Smith was at the time one of the principal operators for both Gibson and Thompson in the sale of the old and the purchase of the new bonds of 1886, and he states that "there were no bonds sent to Thompson in advance of the purchase of the 1886; but the bonds of 1856 and 1860, spoken of above, were handed over to Thompson by Gibson, or perhaps handed to me by Gibson, and by me to Thompson in New York, at the time of the transaction in January, 1857," when the transfer books in the office of the transfer agent show that these bonds were transferred to Thompson the third day of November, 1856.

The $35,000 of the bonds of 1886 left with Thompson and "forgotten" by Gibson, were left at the instance and request of Smith, to whom Gibson was largely indebted—whether for the $55,000 loan, spoken of by Gibson, as made of Smith in July, 1856—and by Smith, as made to Breslin, but in fact made from Thompson, is not known—so that Smith could have the control of them, and thus secure himself; and besides this, Smith had another incentive to this arrangement, in which Thompson may have taken an important part. He was indebted to Thompson, and these bonds were held by Thompson as security for this indebtedness of Smith, and the amount of that indebtedness was deducted from the amount of the proceeds of these bonds of Gibson's, and in that manner Smith's debt to Thompson was paid, and Gibson's debt to Smith, but leaving Gibson's interest in the bonds about $3,000 over and above his indebtedness, which was subsequently arranged between him and Smith.

Thus in every transaction of Gibson, his great reliance was in the circulation, general credit, and the bonds of the Seneca County Bank, and for the support of that institution upon the Treasury of State.

The financial and official transactions of Mr. Gibson while Treasurer, culminated in his attempt to carry himself through 1857, and with an empty Treasury to pay the July interest of that year. To meet pre-existing liabilities he had placed $35,000 of the bonds of the bank with Thompson as above stated, and to enable him to make payments for the current demands upon the Treasury, he had hypothecated $100,000 additional with Atwood & Co. Early in the spring of 1857 the moneys of the Treasury were entirely exhausted, and Gibson was a begging borrower in all directions.

The Seneca County Bank could no longer be made available, for neither illegal circulation, nor the $10,000 Gibson swears he spent in endeavoring to protect her were sufficient—Breslin was absent and did not respond to the earnest demand for aid, if any were ever made of him—and Gibson himself was a wanderer in search of relief in that land of promise Minnesota. Hershiser, his chief clerk, under a specious pretext, seemingly too slight to blind the eyes of any one, was earnestly requesting the Auditor to let him know in advance, if any large drafts were to be drawn, and when compelled by dire necessity drawing against the purloined bonds —pledged with Atwood & Co. Gibson had previously tested the credulity of the General Assembly and the State officers by his sworn and published statement of the 7th of April heretofore referred to, in which he proclaimed an empty Treasury and a defalcation of $571,981 02, which passed unnoticed; and in the hope that the evil day was yet afar off, was gathering together the "traps and remnants" in his hands and under his control, for some to him at that time undefined purpose which time and circumstances were to develop. Confident from his former successes at concealment that he could yet hold the key of the Treasury, he was laying his plans for the payment of the July interest, when at last the eyes of the State officers were opened—the Treasury taken possession of on the 13th of June, 1857, and Gibson compelled to resign his office, and deliver up the keys of an empty Treasury.

On this enforced resignation of Mr. Gibson, A. P. Stone was appointed as his successor by the Governor, and took possession of the office, Saturday evening June 13, 1857. On Monday, June 15th, an examination of the condition of the Treasury was made by Auditor Wright and Wm. Dennison, Jr., assisted, at the instance of the Treasurer, by Thomas Sparrow, and an inventory taken of all the assets then found in the Treasury, and $151 00 in currency, and $19 34 in gold and silver, found therein, together with various assets valuable and worthless—amounting to $99,-054 67; just $7,005 26 less than Mr. Gibson had reported as in the Treasury on the 7th of April previous. No effort was made to obtain from Mr. Gibson whatever of assets or moneys there might have been at that time in his hands or under his control, and he was permitted to be in New York in June and July following, with securities in his possession to the knowledge of the State officers unattached to the amount of $132,263 50, as will appear by a particular statement in another part of this report; his

real estate to the amount of $25,000 was also untouched. Mr. Breslin also at that time known to be implicated in the defalcation, was not asked to surrender over $200,000, and perhaps a far larger amount of the money and property of the State in his possession, but permitted, unmolested, to remove it from the reach of our laws. We can not but consider this as a most unfortunate remissness on the part of our State officers, as we believe that an immediate attachment of everything in the possession of Breslin and Gibson would at that time have secured to the State a large amount which may now be considered as irretrievably lost.

During the session of the General Assembly in 1858, a proposition was made by Mr. Breslin, Mr. Gibson, and their sureties, for a compromise of their respective liabilities to the State, growing out of the defalcation, and an effort was made to relieve to some extent the sureties from civil suit, and principals from criminal prosecution, by an offer to pay the State the sum of $250,000. We refer to this proposition, more for the purpose than any other of showing the intimate relations then and yet subsisting between Mr. Gibson and Mr. Breslin, and that the former must certainly possess a full and perfect knowledge of the transactions of the latter, and of the character and amount of the assets now held by him.

Mr. Gibson says the proposition originated with the sureties. Before it was made, and pending its consideration, he visited Breslin, to determine upon its precise character, and to ascertain the amount it would answer to offer the State in order to obtain the relief desired. He proposed to Breslin to offer $400,000 or $500,000, payable in ten or twelve years, in annual payments, upon condition that he should be released from all liability to a civil action. But this Breslin declined to do, but did make a distinctive proposition to Gibson, but whether it was made to any other person is unknown, to pay $400,000 in ten years, if he could be discharged from all criminal as well as civil prosecution. It was finally determined to fix the sum at $250,000, which Gibson thought could be paid, "for the reason that the nominal assets which must be on hand amounted to near $600,000, from which it was reasonable to suppose, with the co-operation of the sureties the $250,000 could be realized."

To urge the proposition upon the General Assembly and the State officers, the parties in interest procured the services of Thomas H. Ford, of Mansfield, and R. G. Pennington, of Tiffin. In the interview of Gibson with Gov. Ford, he always professed his entire ability to control Breslin,

and spoke of the property and assets from which it was expected the $250,000 was to be realized, as being scattered from Nova Scotia to Minnesota. Gov. Ford conversed with Gov. Chase and Auditor Wright, and several members of the General Assembly upon the subject. Gov. Chase drafted a message in relation to it, to be transmitted to the General Assembly, which met the approval of Ford, but subsequently wavered in his position; and the hostility of the Attorney General to the proposition, as well as some others, induced him to draft another message, which was not approved; and, therefore, none was ever sent to the General Assembly, and the proposition not finding the favor anticipated, and some difficulties having sprung up between Gibson and Ford, and other parties interested, the attempt to effect a compromise was abandoned.

All the facts and circumstances connected with the proposition are fully detailed in the testimony of Gibson, Pennington, Ford, and others, from which it will be apparent that Gibson is yet, as he has ever been, the most confidential friend of Breslin, and that their interests and hopes and fears are inseparable, although Gibson swears: "I have no longer the confidence in Breslin's word I once possessed."

In that part of our report having reference to Mr. Breslin's transactions and conduct, we stated the condition of his accounts, as they stood upon the books of the Treasury on the 14th of January, 1856; and as the books and papers exhibit them between him and Mr. Gibson, if there had been no defalcation, or if Mr. Bliss and Mr. Gibson had not been implicated in it. As we have shown, Mr. Gibson acknowledged the receipt in full of all amounts which appeared to be due from Mr. Breslin, and made up the official accounts in his office accordingly.

Every transaction of an illegal character, or rather that would show an abstraction of money, was, of course, kept entirely out of the books; and to external testimony, therefore, must we resort for the evidence of abstraction or misapplication of the funds. Mr. Bliss failed to pay over to his successor a large part of the moneys shown to be due to him by the books of the Treasury, and the failure was concealed by Breslin and himself. Mr. Breslin failed to pay over to his successor, Mr. Gibson, the balance appearing to be due from him, to a still larger amount; and his deficit was successfully concealed by the persistent efforts of Mr. Gibson. When Mr. Gibson was compelled to resign office, and the vaults of the Treasury for the first time for years were opened to a truthful examina-

tion, the full extent of the abstractions, speculations and embezzlements of all these Treasurers, was made known in a defalcation unparalelled in the history of any State; and Mr. Gibson was ostensibly responsible for the whole, because, in the settlements with each other, these three Treasurers had concealed the non-payment of balances, and stated officially what was untrue.

As we have already stated, Mr. Breslin should have paid Mr. Gibson on the 14th of January, 1856, $551,988 03; and in referring briefly to the causes which precluded its payment, one prominent among them was, that Mr. Bliss and Mr. Gibson, as appeared by the testimony, had both been implicated in the previous abstraction of at least a part of the amount. It must be borne in mind, that neither the books of the Treasurer or the Auditor make any reference to this balance, and from them alone it is impossible to determine whether any part, or the whole of it, was ever received by Mr. Gibson.

At the end of the fiscal year, November 15, 1856, the accounts of the Treasurer and Auditor were balanced, preparatory to making their annual reports. The books of the Auditor show that there should have been a balance in the Treasury of $579,517 57; (see Executive Documents, 1856, part I, p. 357–58,) but the Auditor states that the actual balance of available funds was but $350,950 63; the difference between the actual and apparent balances, $228,566 94, being made up of Breslin's losses by deposits with

Commercial Bank, Toledo	$26,271 23
W. W. Cones & Co	47,768 00
City Bank, Cincinnati	79,811 95
Daniel Beckel	50,785 48
Exchange account	21,182 64
" " by Gibson	2,747 64
	$228,566 94

The available balance reported by the Treasurer, at the same time, was $350,548 59; but he had erroneously taken the balance due from Mr. Breslin, made up on the books of the Treasurer, January 14, 1856, $204,987 97, for the amount of the "suspended debt," $204,636 65, and deducted the former instead of the latter, from the apparent balance in the Treasury. With this error corrected, the difference between the Au-

ditor's and Treasurer's balances, November 15, 1856, is but slight. Assuming the Auditor's statement of the available balance, therefore, as correct, as it undoubtedly is, and the actual available balance in the Treasury, November 15, 1856, was but $350,950 63. From the 15th of November, 1856, to the 13th of June, 1857, there was paid into the Treasury $2,890,-454 31, together with the balance above stated, $3,241,404 94. There was disbursed from the Treasury, during the same period, $2,681,667 75, leaving an available balance in the Treasury of $559,737 19, to which should be added, to determine the exact liability of the defaulting Treasurers, the "Agreement" representing the indebtedness of Beckel, on which there was due $40,000, and which was counted in the assets found in the Treasury; and also the several items of indebtedness on the part of Mr. Gibson mentioned in the annual report of the Treasurer, November 15, 1857, amounting to $12,632 71, to which he had attempted to give an official character, and therefore made a proper charge against himself, if not the Treasury; making the amount for which Mr. Gibson should account on the 13th of June, 1857, $612,369 90.

On Monday, the 15th day of June, 1857, when an accurate account of the moneys and assets in the Treasury was taken, as we have before stated, there was found but $99,054 67. But of this amount, $66,997 68 belonged to a special fund, not included in the above balance, for the redemption of the notes of the Canal Bank of Cleveland, and the payment of its other liabilities; leaving, therefore, but $32,056 99 as the payment by Mr. Gibson to his successor, Mr. Stone, and making the defalcation, on the 13th of June, 1857, $580,312 91.

Gibson's connection with the moneys of the Treasury did not cease upon his forced resignation of his office, for we find, as herein stated, that on the 15th of June, he received $12,000 from the Seneca County Bank; and on the 20th of June, $10,000 from Kimball & Co., in Cleveland; both being due to the State; other transactions doubtless took place of a similar character. It is a very peculiar feature in Gibson's case, that with an effrontery knowing no bounds, he dares again and again, to present himself to the officers of the State, proposing his schemes for obtaining, in some form, the use of the public money. The most recent transaction, and one in direct violation of law, and of every correct principle of official business, took place about a year since, or nine months after his resignation, and eight months after he had been indicted for embezzling the funds

of the Treasury. The law of 1857 made it the duty of the Fund Commissioners to remit to New York the accumulations of the Sinking Fund in the Treasury, as rapidly as they amounted to $10,000. Gibson, presuming upon the continued friendship and regard for his interests on the part of certain State officials, notwithstanding his and Breslin's embezzlements, and ascertaining that the people of Ohio were again accumulating a little money into an emptied Treasury, sets to work to make a part of it temporarily available for his own uses. At the time alluded to, the Sinking Fund had some $15,000 in the Treasury, to be used as previously indicated, and Mr. Gibson being aware of it, proposed to the Acting Fund Commissioner, Mr. Wright, to transfer to New York free of exchange —(the old form of borrowing from the State Treasury)—$14,000 of the accumulated fund. Mr. Gibson was personally aided, in this renewed attempt at reaching the Treasury, by his former assistant, Charles L. Johnson, who proposed as an additional inducement, to release the State from any further liability to the Seneca County Bank on account of the $32,128 transactions with the State bonds. Mr. Wright advised with Governor Chase upon the subject. The Governor did not recognize any obligation as existing on the part of the State to the Seneca County Bank, and therefore could not consider that alone a sufficient inducement to entertain the proposition, but thought, with Mr. Wright, that it was otherwise advantageous to the State. Mr. Gibson had neither money nor exchange, but needed a loan. To avoid being publicly known as a borrower at the State Treasury, he uses, as aforetime, the names of Bartlit & Smith, who gave their drafts on New York for $2,000 each, at 30, 40, 60 and 90 days, indorsed by a Mr. Comstock, of Columbus, which drafts were discounted at six per cent., by Mr. Wright, and the proceeds paid to Bartlit & Smith for Mr. Gibson and Charles L. Johnson. At first, only $8,000 thus passed from the State Treasury into Gibson's hands, but subsequently another transaction of like character for $6,000 was had, as we must believe, for Mr. Gibson's benefit. A law having passed providing for a temporary State loan, it was known that from it all funds needed in New York would be furnished, and therefore, after the payment of the first draft by Bartlit & Smith, an arrangement was made by Mr. Wright for the balance of the drafts to be paid at the State Treasury in Columbus, and they were so paid at maturity. Presenting this transaction in the light in which it should appear to the public, stripped of the flimsy covering of an exchange

transaction with which it is attempted to surround it, and it becomes what Gibson and Johnson knew it to be, a loan to them of $14,000 from the State Treasury, on Bartlit & Smith's paper, indorsed by Comstock.

Here we find, that notwithstanding all the losses which have resulted to the State Treasury from similar transactions by Breslin and Gibson, and which were known to the State officers, Governor Chase, Auditor Wright, and the Treasurer of State, who were consulted as to Mr. Comstock's responsibility as an indorser, and approved of the transaction, make a loan of money to Mr. Gibson and Johnson under the pretence of selling the State exchange. All the lessons of the past of the nefarious transactions of the defaulting Treasurers seem to have been soon forgotten, and Gibson and Johnson were again permitted to approach the Treasury, and secure the temporary use of public funds, which the law and public justice should have denied to them.

It appears from the testimony of F. M. Wright, Esq., Auditor of State, as well as from that of Gov. Ford and Mr. Gibson, that in 1856–'7, an effort was made on the part of E. S. Hamlin and Col. Schouler, of the Cincinnati Gazette, to purchase or obtain the control of the Ohio State Journal from Follett, Foster & Co. Hamlin did not wish to appear as one of the parties to the purchase, and accordingly went to F. M. Wright, the Auditor, and requested him to give his note, or to become indorser on the part of Schouler & Co. Wright expressed an unwillingness at first to incur any liability in reference to it. After an interview with Gov. Chase, Hamlin presented to Mr. Wright a letter from the Governor, assuring him of the pecuniary responsibility of Hamlin, and that he might rely implicitly on his (Hamlin's) statement, and expressing his willingness to guarantee Wright against any loss resulting from any accommodation extended to Hamlin. Two notes of $1,250 each were therefore given by "Schouler & Co.," one payable at the Exchange, and one at the Franklin Bank, Columbus. The first note was paid, but not until Mr. Wright had made some inquiries in relation to it, and learned from Gibson that it would be paid from moneys due Hamlin as one of the members of the firm of Forrer, Burt & Co., on their canal contract. The second note became due in February or March, of 1857, and not being paid at maturity, was renewed, and another given by Wright and indorsed by Gibson and Oviatt Cole, Chief Clerk in the Auditor's Office. This note was paid by Gibson, who was to be repaid by funds due from the State to Forrer, Burt & Co., but

which has not been done. After the payment of the note by Gibson, he received from Wright the original note of Schouler, and the letter of Gov. Chase, and returned Wright's renewed note with Cole's and Gibson's indorsement. Gibson complained to Ford "that he had not been fairly used in the transaction, as he had most of the note to pay, and that Gov. Chase escaped his due contribution by not indorsing it in the shape he should have done." The only important question for us to determine is, whether the money thus paid by Gibson came from the State Treasury. It has been clearly shown that Gibson, in February or March, 1857, had no funds except those derived from the State Treasury. At that time his embarrassments had so increased that everything available as money had been absorbed by the daily demands upon the Treasury. Another important question is, how far the final surrender of the notes and papers as above, had any connection with the $14,000 loaned to Gibson, as stated. It will be seen from the testimony, that we directed our inquiries to that point, having been informed that a part of the consideration of the above loan and exchange operation was the return of the notes by Gibson, at least, that on its consummation they were given up. We leave the matter as it stands by the testimony, and from it all can make up their own proper opinion.

IV. As to the causes of the defalcation in the Treasury of the State, how and when it occurred, how the public moneys have been used or invested, and what portion of such investments, if any, can be reached by the public authorities of the State.

The causes of the late defalcation in the Treasury, are, we think, fully explained in the foregoing part of our report. We have commented at considerable length, and we trust with not undue severity, upon the state of public opinion and the entire absence or objectionable character of legislation in consequence of it, which induced these defaulting Treasurers to believe they could use the public moneys for their own and the benefit of their friends with impunity, and that they could find an exemption from censure and ultimate loss to themselves and their sureties in this laxity of public justice and the absence, in this regard, of a correct public policy.

In our analysis of the testimony under the three preceding and appro-

priate heads, is exhibited the manner and the time of the occurrence of the defalcation, as far as we have been able to determine it. In tracing its various items into certain chanels, it by no means follows that the sums specified in every case remained permanently lodged at the points indicated. In many instances, without doubt, they were withdrawn and changed to other hands for investments, for when the barrier was once down, and one step taken in the wrong direction, and the moneys diverted from their legitimate uses for the purpose of speculation, it is exceedingly doubtful if they ever again were returned to the Treasury. The desire for profit and the necessity for concealment, at once became stronger than any principle of restitution, and the fortunate or unfortunate termination of an adventure in one direction was but an incentive for a still larger one in another. One hundred thousand dollars once abstracted, it may be in several sums for various purposes, becomes the basis of enlarged and more diversified operations, not perhaps originally intended, and draws after it for the protection of what may be already endangered, or for a larger return of profits, still another $100,000, in the various shiftings and changes of which, the whole becomes still more complicated and difficult of extrication from the labyrinths in which all has become involved. Hence in our investigations we accidentally discover either in, or to have been in, the hands of one man, a part of what we have before traced into the hands of another. So various and complicated is this interweaving of transactions, that we doubt much if Bliss, Breslin, Gibson, Chittenden, McMillen, Bartlit & Smith, Johnson, Moodie, Deshler, Sill, Robert, Reznor, Bowen, Camp, John Thompson and Atwood were to sit down together with their own books and private memorandums before them, they could in weeks evolve a statement of the transactions in which the uses of the funds of the Treasury are involved, which should be truthful and satisfactory to all. The complications and contradictions of their testimony foreshadow the difficulties of such an undertaking. If they would be unsuccessful in such an effort, how much more impossible is it for us—not with the books or the personal knowledge of every movement to aid us—but with the most persistent and cunningly devised efforts at concealment to prevent us, to fully solve all the mysteries of this great public wrong. We are satisfied, however, that we have opened the way for a full and perfect development, and for the restitution of all that is not absolutely lost.

It appears that Albert A. Bliss, one of the defaulting Treasurers, when he went out of office on the 12th January, 1852, did not pay to his successor, John G. Breslin, the amount at that time supposed to be due from him into $65,000.

All the circumstances connected with this $65,000 deficit, have been fully detailed in the preceding part of this report.

It was proved in the investigation by Mr. Taylor of the Joint committee on Finance, from other evidence than Mr. Breslin's and Mr. Bliss' declarations, being the testimony of H. B. Carrington, that $25,000 of this sum was realized from the assets of Mr. Bliss, and paid to Mr. Breslin in cash; and probably made available for the State. The balance, $40,000, was arranged by the sureties to be paid by Bartlit & Smith. As we have heretofore intimated, we are not satisfied that all of this money was ever paid into the State Treasury. There are suspicious circumstances in connection with it, that seem to preclude the possibility of its full payment; and until further light shall be thrown upon the many now secret transactions between Bartlit & Smith and the State Treasury, we can entertain no other than the opinion here expressed.

Besides this deficit of Mr. Bliss for $65,000, we have shown that there yet remains due from him to the State, the sum of $37,862 53. The process by which we arrived at this conclusion is fully given in the first branch of our inquiry referring specially to Mr. Bliss. Legal steps should be immediately taken to determine the accuracy of this statement, and Mr. Bliss be required to make this additional payment into the Treasury, or produce some evidence besides the peculiar receipt of Breslin, of its previous payment.

There is another large loss to the State resulting, from the official misconduct of Mr. Bliss, although the loss apparently occurred during the term of Mr. Breslin. The peculiar receipt from Mr. Breslin, to which we have referred, cannot convert the transfer of private indebtedness to Mr. Bliss into a payment to the State Treasury. The indebtedness of Chittenden to Bliss, as we have shown, was neither kept nor considered by either of them as official; every feature of it being essentially private. The amount of this indebtedness was $48,464 72, and the exhange allowed by Breslin upon it, $363 48, together $48,828 20. The whole of this amount in our opinion, is a legitimate charge to Mr. Bliss; and the Attorney General should be directed to in-

stitute legal proceedings for its recovery, that the validity of the receipt of Mr. Breslin may be tested by a judicial tribunal. Mr. Bliss will of course be entitled to the benefit of all the moneys actually received from Chittenden and paid not merely to Breslin, but into the State Treasury. As Mr. Bliss seems to have taken the initiative in degrading the office of Treasurer of State into that of a private banker, and making the settlement between himself and his successor of a private and not of an official character, it devolves upon him to show in which capacity Mr. Breslin acted in his transactions with Chittenden, and whether payments were official or otherwise. So intimate were the relations subsisting between Bliss, Chittenden, Bartlit & Smith and Breslin, that it is impossible to arrive at the exact truth, unless it be through a regular course of judicial proceedings.

Mr. Bliss is therefore chargeable with an actual defalcation of-----	$37,862 53
And the amount of the debt of Chittenden, as stated----------	48,828 20
	$85,690 73

and is entitled to a credit of whatever amount may have been actually received from Chittenden and paid legally into the *State Treasury.*

In the compromise with Chittenden, Breslin, Bliss and Gibson as an attorney, all being parties to it, sundry notes, stocks, &c., were received, as shown by the statements of Mr. Breslin, none of which have been paid. A portion of them are now in the hands of the Attorney General, having been transferred to the State by Breslin. For the amount which may be collected upon these assets, Mr. Bliss should receive credit; but they are nearly all of them entirely worthless.

There is no testimony by which Mr. Bliss is connected with the defalcation to any further extent than here named, though it is very evident that Mr. Bliss brought Mr. Breslin directly or indirectly into connections with individuals and corporations, through whom large losses have been sustained.

To Mr. Breslin must be ascribed much the largest portion of the defalcation, although the relations to which we have adverted between him and Mr. Gibson and others are as yet to such a great extent unexplained, that it is exceedingly difficult to determine the precise share of responsibility that should justly be affixed to Mr. Breslin alone. The details of his transactions, as far as disclosed, we have already given, and our purpose in this part of our report, is to exhibit in a more compact form the results

of our investigation, and to answer as briefly as possible this branch of our inquiries.

Mr. Breslin in his last annual report to November 15, 1855, accounted for a portion of the public moneys received by him, by stating that certain depositories in which he had made deposits, as he alleged in pursuance of law, had failed, with a resulting loss to the State of $204,636 65. At the same time he claimed he had made payments for exchange on moneys remitted to New York, for the payment of interest and the redemption of the public debt with which he should be credited, to the amount of $21,-182 64.

These depositories were the

City Bank of Cincinnati	$79,811 95
W. W. Cones & Co.	47,767 99
Commercial Bank of Toledo	26,271 23
Daniel Beckel	50,785 48
	$204,636 65

In our opinion the deposit with W. W. Cones & Co. was not a deposit by the Treasurer of State, but by Henry P. Bowman, Treasurer of Hamilton county, upon his own responsibility. If the loss of this amount is to fall upon the State, it must be by reason of the arrangement by the Treasurer to withhold an immediate demand for payment and to receive the money in New York on the 1st of July following.

Arising out of his connection with the City Bank of Cincinnati, was an indebtedness to Breslin from Sanderson Robert, the last President of the Bank, of $21,342 59. The notes of Mr. Robert, as before stated, are now in the possession of the Attorney General, but we are unable to state what amount may be realized from them.

In 1852, immediately after his accession to office, Breslin invested $15,000 in the Stock of the Bank of Marion, as we have shown, but whether on the sale of this Stock the money was returned to the Treasury, or re-invested in another form is unknown.

Among the first of Mr. Breslin's illegal transactions was the renewal of the loan made by E. N. Sill, former Canal Fund Commissioner, to the Akron Branch Railroad, to which we have referred. This was in 1853, and the amount of the loan was $42,500.

A portion of this loan was repaid to Breslin, and for the balance due

December 13, 1856, $28,549 88, Breslin received sundry bonds of the Cleveland, Zanesville and Cincinnati Railroad Company, which are now in the possession of the Attorney General. What amount may be realized is uncertain.

Another investment, or deposit, was made by Mr. Breslin in the "Ohio Savings Institute" in Tiffin, of which Samuel Waggoner was President, or owner. The amount is shown by the note of Mr. Waggoner, dated at Tiffin, November 1, 1856, for $12,565 83, which is in the hands of the Attorney General. In addition to this sum, Waggoner is indebted to Breslin to the amount of about $8,000, for moneys advanced to enable Waggoner to obtain some $75,000, of Farmers' and Mechanics' Bank of Memphis, Tennessee, on which Waggoner is entitled to a credit of $3,000, but whether with the State of Ohio or not is a question.

In 1853, with Charles L. Johnson and John G. Camp, Breslin established the Elkhart County Bank, in Indiana, and invested in it according to his own statement $58,208 66, $31,596 93 of this sum Breslin says was paid at various times; but whether paid into the State Treasury, or continued in other investments, in Greensborough and Seneca County Banks, or with Johnson in his various operations, is unknown. This investment, swelled by the inflating process of Indiana banking, to a moving mass of $400,000 of paper money. Camp sold out what interest he had in this bank to C. L. Johnson, who was to close it up, and account to Breslin for his proportion of the assets and profits. Johnson swears that he made some money in winding up the bank, by the purchase of its currency and otherwise.

We suppose a part of this investment, if the proper legal steps be immediately taken, can be obtained from Johnson, who may be responsible.

Breslin also purchased from Johnson some North Carolina bonds, for which he paid cash to the amount of $10,000. What became of these bonds, or whether they are now in the possession of Breslin, is unknown. We suspect, as explained in other portions of our report, that a large proportion of the amount alleged to have been repaid from the Elkhart investments, was in various State bonds, which are now in Breslin's possession or under his control.

In 1853, Breslin became interested in the Central Bank, Indianapolis, and its progeny, as previously detailed, which involved the use of $30,000. A part of this amount ($9,000) Breslin states and Judge Bowen swears,

was returned to him, but as in all cases of the kind, we much doubt if the money was ever again in the Treasury. The certificates of stock in the bank are now with the Attorney General, and such measures will probably be taken as will secure whatever is found in the wreck that is available.

There was also an investment in the Delaware County Bank, Indiana, to the amount of $5,000—all the circumstances of which have been heretofore particularly given. A portion of this investment, it is alleged, was repaid, but whether actually into the Treasury is problematical. The stock is in possession of the Attorney General, and whether anything will be obtained for the State is doubtful.

Breslin also made loans, from 1853 to 1855, to a large amount, to the Sandusky, Mansfield and Newark Railroad, as detailed heretofore, the resulting loss being $17,500—which was compromised with George B. Wright, the Receiver, on the receipt of $8,500 of the bonds of the new organization of the Company. Of these bonds, with coupons attached, $4,900 have been transferred by Breslin to the Attorney General, and are now in his possession, and will probably be paid in full.

A loan was made by Breslin to John G. Camp, formerly President of the Sandusky City Bank, and of the Sandusky, Mansfield and Newark Railroad, and connected with Breslin in the Elkhart County Bank, for $6,000. An arrangement was made between Breslin and Camp, by which the latter was to receive a mortgage upon certain real estate in Sandusky City, executed to Wm. H. Gibson, which, upon foreclosure, realized but $2,000. The balance is probably a total loss; although Camp's draft upon J. P. Reznor, with $5,000 of the City Bank of Cincinnati stock as collateral, is in the possession of the Attorney General. There was an understanding that the mortgage was to be received in discharge of the debt.

There is but little doubt Breslin at first furnished the money with which to start the Farmers' and Mechanics' Bank of Greensborough, Maryland; but it is impossible, from the testimony, to ascertain whether he or any other party has really any money invested in that bank. It was used, as has been heretofore stated, by Breslin for his own purpose, and the fact of his original ownership, we think, can not be questioned; but we are at a loss to fix upon any amount which he had, or which any one now has, in the institution.

Into the Cumberland Savings Bank, however, we can trace directly $17,000 of money from the Treasury, although the investment was not

made until after Breslin ceased to be Treasurer. In this instance, his stock was sold by Bartlit & Smith, at a loss of some $8,000; but, as in other instances, we have no evidence that any part of this abstraction was ever returned. If returned, it must have been through Gibson, as Breslin ceased to be Treasurer before the investment was made.

It is always proper, in cases like this, to bear in mind the necessarily constant shuffling of investments by these parties among themselves. It is very likely that this Maryland bank stock went to pay in part the $55,000 accommodation note given to Breslin or Gibson, by Bartlit & Smith, in June or July, 1856.

There was some contemplated speculation requiring the use of Virginia and other State stocks, and Breslin, in 1854, through John G. Camp, or for him, as the prospective partner, purchased of Wm. Sturges, in New York, a large amount of Virginia stocks; but the enterprise having been abandoned, the stocks were sold at a large loss, stated by Breslin to be $6,000.

If all the facts connected with this purchase of stocks could be obtained, some interesting field of speculation might be discovered, implicating more parties probably than Breslin and Camp.

Breslin proposes to transfer to the State, bonds and stock of the Columbus, Piqua and Indiana Railroad Company, to the amount of about $17,500.

We believe these bonds to be a remnant of the indebtedness of Mr. Bliss, assumed by Bartlit & Smith. Mr. Breslin gives no account of the manner in which they came into his hands, or became the property of the State. They are to be transferred to the Attorney General from some at present unknown source.

An investment was made by Mr. Breslin in 20 shares of $50 each, in stock of the Tiffin and Fort Wayne Railroad Company, $1,000 of which have been transferred to the Attorney General—the value being probably nothing.

He also made an investment in the Clinton Line Extension Railroad, of $1,000, the stock for which has been transferred to the Attorney General.

He made an entry of 800 acres of land in Livingston county, Illinois, Town 30 North, Range 8 East, through M. L. Sullivant, Esq., for which he paid $1,120. A description of the land is attached to the deposition of Mr. Sullivant; and Mr. Breslin proposes to convey the land to the State in

such manner as may be designated. This land cost from $1 25 to $2 50 per acre, and has greatly increased in value since its purchase, and can be sold, Mr. Sullivant states, for from $5 to $10 per acre.

A purchase of 30 lots at Omaha, Nebraska, for $20 each, was made by Mr. Breslin, of George Armstrong, amounting to $600. These can be obtained without difficulty, and probably sold at an advance.

A small investment was also made in Minnesota, of $400 in a Land Company—name not known; but a Mr. W. F. Wheeler, formerly of Columbus, Ohio, is the Secretary of the Company, and the precise character and value of this investment, if it has any, can be obtained from him. The fact of this investment was made known to us by Mr. Breslin's statement.

Mr. Breslin has a house and lot at Tiffin, being his former residence, valued at $3,000, which can be obtained for the State, and we are told that measures have already been taken by the Attorney General to secure it.

Charles L. Johnson obtained from Mr. Breslin about $20,000 of the notes of the Newport Savings Bank, which were loaned by the Seneca County Bank to a Mr. McArthur, as heretofore stated. In what manner the Treasury was reimbursed for this currency, if at all, is unknown. We are of the opinion that there is yet some unsettled account between Breslin and Johnson in regard to it, as well as to other matters, to which we have heretofore particularly referred. Johnson has a claim against McArthur, secured by lien on the northwest corner of Main and Third streets, Cincinnati, growing out of this transaction, and the use of about $9,000 of Elkhart County Bank currency, in both of which we think Breslin has an interest of some kind. A resort to a judicial tribunal can alone obtain from Johnson such a disclosure of their connections as will determine the extent of the latent interest of Breslin, or of the State, in Johnson's assets.

The connection of Johnson with the Seneca County Bank was in consequence of the facilities it was expected to afford to all parties in interest, for extending the sphere of their operations; and in this, as in Johnson's interest in the Tiffin and Fort Wayne Railroad, judicial proceedings alone can determine the respective interests of all.

As we have before intimated, the most difficult matters for satisfactory solution, are those in which Breslin, Gibson and Johnson are involved. A

careful examination of all the testimony will, we believe, convince every unprejudiced man that the interest of Gibson in the Tiffin and Fort Wayne Railroad Company, through some devious way, came from the State Treasury. From this conviction we cannot escape, and there seems no loop or hinge upon which to hang a doubt. In this road Gibson has invested in stock, and in the two shares of the "Redfield Contract," $50,000 in cash. His most intimate friends, and his partners in the contract, all believe the money came from Breslin, because there was no other known source from whence it could come. Gibson himself deemed it necessary to ascribe the ownership of one of the shares to a friend at the East, fearing that otherwise his connection with the Treasury through Breslin might be suspected. It is not probable that the money ever went directly from the Treasury to Gibson, but it may have passed from the hands of Breslin to a "friend at the East," and from the "friend at the East" to Gibson. The ingenuity of such men would be but slightly taxed in devising ways of making investments, by which neither could possess positive knowledge of the substantial material fact, and yet could easily suspect the truth.

We cannot but believe that the purchase of the Seneca County Bank, as we have repeatedly stated, involved the use of money from the Treasury. Gibson paid in cash into that Bank $51,000, and in some manner Breslin must have had an interest in the institution. That it has been, and can be, for a time, successfully concealed, is conceded; but that the day for a full development of all the iniquities of that institution, as well as every other connected with this defalcation in the State Treasury, is not far distant, we are confident. It is not in the power of erring man to conceal iniquity forever. There is a searching, far-reaching power in truth and justice which no offender can elude. Neither cunning, nor the outward show of virtue, can mislead but for a day, and those who now immagine they are resting in security unsuspected, will soon awaken to a full consciousness, that they who participate in a great public wrong cannot avoid detection.

We have stated our belief that Mr. Gibson, before he became Treasurer, was responsible for a part of the defalcation ascribed to Mr. Breslin. Whoever reads the testimony, we think, can come to no other conclusion. It is true, Mr. Breslin, in his statement seeks to release Mr Gibson from any complicity in the defalcation with which he was chargable. But there was some powerful incentive to that declaration not yet divulged,

but which will some day be revealed. It cannot be, that such sacrifices of personal and official integrity and credit, and such a perfect wreck of future prospects, could have been made by Mr. Gibson in his efforts at concealment, if the defalcation was that of Mr. Breslin only. Neither do we believe the expressed determination of Mr. Breslin to conceal the names of the three parties who hold, as he asserts, $200,000 of the withheld assets, which he acknowledges to be under his control, arises from that high sense of personal honor which he declares alone controls him. We can see no honor in concealing what is acknowledged to have been wrongfully taken, but we can readily discern a pecuniary motive.

Mr. Breslin acknowledges he has yet under his control, and in the hands of parties whom he declines to name, $200,000 of the abstracted moneys. It is probable that a part of this sum is made up of the gatherings of disclosed investments, to which we have just referred. Mr. Breslin has assigned, at length, the reasons controlling him in his present determination not to make any further disclosures in regard to this sum; but they are, as we have stated, unsatisfactory to us, and we believe they will be to the public. As this sum is not in money, if a proper watchfulness is observed, it can be in part obtained, for it is impossible for Mr. Breslin and his three parties to close all the doors of observation and discovery.

The only loans made by Mr. Gibson after he was Treasurer, which are proved by the testimony, are those to Mr. Hamlin and the Lewistown Reservoir Company, and the deposit in the nature of a loan, with Kimball & Co. To the Lewistown Reservoir Company he loaned the sum of $24,000, none of which has been paid. The circumstances of this loan have been referred to, and the report of the Special Commission authorized to examine into the contract with the Reservoir Company, as well as our own, point out the mode by which this sum can be secured to the State.

A part of the deposit with Kimball & Co. is believed to be unpaid, but the whole matter is already in the control of the State officers.

The testimony of Governor Ford as to Gibson's confession of investing with Breslin $100,000 in Western Lands, is worthy of especial attention, as it proves conclusively an existing connection between Gibson and Breslin for their mutual protection. If an investment of this character has in fact been made, it was probably with moneys taken from the Treasury unitedly, either immediately before or after Gibson became Treasurer.

Recapitulation of Losses, Loans and Investments of Albert A. Bliss, John G. Breslin and Wm. H. Gibson, late Treasurers of State.

Unpaid balance of Bliss' acknowledged defalcation of $65,000, assumed by Bartlit & Smith	$17,500 00
Additional defalcation of Bliss, ascertained by the present Commission	37,862 53
Loss by deposit of Bliss with W. E. Chittenden, banker, New York	48,823 20
Loss by deposit of Breslin with City Bank of Cincinnati	79,811 95
Loss by deposit of Breslin with W. W. Cones & Co	47,767 99
Loss by deposit of Breslin with Commercial Bank of Toledo	26,271 23
Deposit by Breslin with Daniel Beckel, of Dayton, (nearly all repaid.)	50,785 48
Amount paid by Breslin for Exchange, not credited	21,182 64
Loaned by E. N. Sill, former Fund Commissioner, to Akron Branch Railroad Company, renewed by Breslin	42,500 00
Unpaid loan by Breslin to Sanderson Robert, President of City Bank of Cincinnati	21,342 59
Unpaid deposit by Breslin with "Ohio Savings Institute," Tiffin, S. Waggoner, President	12,565 83
Unpaid loan by Breslin to Samuel Waggoner	8,000 00
Invested by Breslin in the stock of the Bank of Marion	15,000 00
Invested by Breslin in Elkhart County Bank, Indiana	58,208 66
Invested by Breslin in Central Bank, Indianapolis	30,000 00
Invested by Breslin in Delaware County Bank, Indiana	5,000 00
Invested by Breslin in Cumberland Savings Bank, Maryland	17,000 00
Unpaid loan by Breslin to Sandusky, Mansfield and Newark Railroad Company	17,500 00
Unpaid loan by Breslin to John G. Camp	6,000 00
Lost by purchase of State Stocks of Wm. Sturges	6,000 00
Invested by Breslin in Tiffin and Fort Wayne Railroad Co	1,000 00
Invested by Breslin in Clinton Line Extension Railroad Company	1,000 00
Invested by Breslin in lands in Livingston county, Illinois	1,120 00
Invested by Breslin in 20 lots in Omaha City, Nebraska	600 00
Invested by Breslin in lands in Minnesota	400 00
Unpaid loan by Gibson to Lewistown Reservoir Company	24 000 00
Unpaid deposit by Gibson with Kimball & Co	10,000 00
Amount charged by Gibson for Exchange	2,747 64

Investments of Breslin with Gibson and Johnson, in Seneca County Bank	$51,000 00	
In Tiffin and Fort Wayne Railroad Company, two shares by Gibson, and stock	50,000 00	
In Tiffin and Fort Wayne Railroad Company, one share by Johnson	21,000 00	
In Johnson's Elkhart and Newport Savings Bank, claim against McArthur	20,000 00	
One-half to Breslin	142,000 00	71,000 00
Total		$680,994 74
From this sum should be deducted the amount of the "Suspended Debt," so called, reported by Breslin in his annual report to November 15 1855, being the City Bank of Cincinnati, W. W. Cones & Co., D. Beckel, and Commercial Bank of Toledo, indebtedness, which is credited to the Treasurer in ascertaining the defalcation, June 13, 1857		$204,636 65
		$476,358 09
From this deduct, for alleged re-payments to Breslin on part of the above loans and investments, to-wit:		
From W. E. Chittenden	$13,000 00	
" Akron Branch Railroad	13,950 12	
" Elkhart County Bank	31,596 93	
" Bank of Marion, stock	15,000 00	
" Central Bank, Indianapolis	9,000 00	
" Delaware County Bank, Indiana	3,000 00	
" Cumberland Savings Bank	9,000 00	94,547 05
		$381,811 04
Breslin acknowledges having under his control assets belonging to the State, representing about $200,000 of this defalcation, not included in the above, concerning which, he refuses, at present, to make any disclosure as to their character, or the names of the parties holding them—not exceeding three		200,000 00
		$581,811 04

In this statement the whole amount of the defalcation, on the 13th of June, of $580,312 91 is accounted for; but there was no positive testimony to determine the precise amount or extent of Breslin's interest with

Gibson and Johnson in their investments; and whether it is all, at this time, in the hands of these parties, or a part of it with Breslin, we cannot determine. The $100,000 invested by Breslin and Gibson in real estate at the West, as acknowledged by Gibson to Gov. Ford, or perhaps at this time invested in some other form, is floating somewhere between the $71,000 in the statements, and the $200,000 in the control of Breslin. It may be, that in the $71,000, is included the $25,000 of land bonds of E. T. Osborn bearing ten per cent. interest, W. G. Law, Trustee, which Gibson had in New York in July, 1857, and which formed a part of his assets left at the Trust Company, and which were returned to him by T. Willett, the Sheriff of the city and county of New York, by the aid of S. Clift, Gibson's attorney.

As a part of the $381,811 04, above stated, Mr. Breslin delivered to one of the members of our Commission, in January last, the assets mentioned in the following receipt of the Attorney General, the value of which, at this time, it is impossible to determine.

OFFICE OF THE ATTORNEY GENERAL,
COLUMBUS, O., 4th Feb., 1859.

Received of Alfred P. Edgerton, the following papers and securities, namely:

Fifty-seven mortgage bonds of the Cleveland, Zanesville and Cincinnati Railroad Company, of the denomination $500—7 per cent.—numbered from 151 to 207, inclusive—coupons attached;

Four domestic bonds of Sandusky, Mansfield and Newark Railroad Company—$100—6 per cent.—numbered 48, 49, 68 and 69—coupons attached;

Nine domestic bonds of said last named company—$500—6 per cent.—numbered 246, 265, 266, 267, 268, 291, 292, 293 and 294—coupons attached;

Certificate of Stock for thirty-one shares, $100 each, in Chicago, St. Paul and Fond du Lac Railroad, transferred and assigned by F. F. Marbury, 22d of May, 1856, to J. G. Breslin—indorsed in blank by Breslin;

Certificate of Stock for thirty shares, same denomination, in same Railroad last above mentioned, transferred same date, by and to same parties—indorsed as above;

Certificate of Stock for twenty shares, $50 each, in the Tiffin and Fort

Wayne Railroad—assigned by Breslin to the Attorney General, 29th of January, 1859;

Certificate of Stock, twenty shares of $50 each, Clinton Line Extension Railroad—indorsed in blank by Breslin;

Note, $49 88, drawn by the President of the Cleveland, Zanesville and Cincinnati Railroad Company, payable 13th of December, 1857, with interest from 1st November, 1854;

Assignment of "Deming Judgment" by the President of the City Bank of Cincinnati to J. G. Breslin; [called "Rizzor claim" in Breslin's statement, about $1,100.]

Certificate stock—fifty shares—amount $5,000—in City Bank of Cincinnati, assigned in blank by J. P. Reznor;

Protested bill of exchange for $5,000, drawn by John G. Camp, of Sandusky city, on J. P. Reznor, Cincinnati, with sundry payments indorsed;

Papers in regard to Central Bank, Indianapolis, namely: Articles of agreement—one certificate of assignment of $50,000 stock of said Bank to J. G. Breslin, by O. Bowen—and one assignment of $100,000 said bank to Breslin by C. T. Sherman;

Four notes of S. Robert, dated 27th of December, 1855, payable ninety days, and four, six and eight months after date, at the office of the Ohio Life Insurance and Trust Company—and the first, for the amount of $14,960—the other three, each $2,127 53;

Receipt of Sherman & Hedges for certain notes—four of $5,000 each, received for collection;

Assignment of $100,000 stock in Delaware County Bank, Indiana, by O. Bowen to Breslin;

Receipt of exemplification of judgment, against Rock River Valley Railroad Company and A. Hyatt Smith, for collection, from Finch & Lynde, Milwaukie, Wisconsin;

Receipt of note for $5,000 against same Company, by Eldridge & Pease, Janesville, Wisconsin;

Note of S. Waggoner, for $12,565 83, dated Tiffin, 1st of September, 1856;

Receipt of R. B. Carpenter, attorney, Chicago, transcript of judgment, against J. P. Eastman, for collection, $3,970 26;

Assignment claim, against Dewere & Olin, to Breslin, by President City Bank of Cincinnati; and sundry letters;

Which papers and securities were delivered to him by John G. Breslin, to be placed in my hands as Attorney General.

C. P. WOLCOTT.

This statement concludes this part of our Report. We spared no effort to obtain a yet more satisfactory solution of the defalcation, but in thus presenting the result of our labors, we trust the public will do us the justice to admit that the objects of the investigation have been at least partially accomplished.

V. As to the Canal Bank of Cleveland and the Seneca County Bank.

The fifth subject of investigation pointed out to us by law, relates to the Canal Bank of Cleveland, and the Seneca County Bank at Tiffin, and is in these words:

"5. As to the condition of the Canal Bank of Cleveland and the Seneca County Bank, their management, and the causes of the failure of the present Treasurer of State to redeem their circulation."

These inquiries embrace the entire history of these banks, and have rendered necessary a thorough examination into the conduct of their officers and official books and papers.

Both of these banks owe their chartered privileges to the bank law of 1845, and that law owed its existence to the motive, as expressed by its friends, to furnish to Ohio a safe and sound currency, and to draw to it foreign capital, so that the people might have proper commercial facilities. The law in question provided, besides continuing in existence some old special charters, for two systems of banking—the so-called State Bank and branches being one, and the Independent banks being the other; and under this latter branch of the law, the two banks before us were started.

There were, however, not only two systems of banking, but there were also then, as now, two kinds of bankers; the one content to follow legitimate banking, based on some modicum at least of actual means, and on a credit earned through business integrity and by shunning banking abuses. The other individually without money and credit, seeking bank charters, and the power to make paper money as means to cover their own pecuniary nakedness, and to borrow, under the pretense of lending, the money

of their neighbors. The two banks under consideration fell into the hands of the latter class; and in both, foreign adventurers, aided by tools and dupes at home, have swallowed up, without ever contributing one dollar of their own means, a goodly portion of the money of our people. As from our own State, broken down banks now migrate to such Western States and Territories as present to them inviting fields, by the folly of their Legislatures in granting bank charters with paper money clauses, so was our State in 1845, 1846 and 1847, the chosen land for the currency cavaliers, whose capital consisted in adroitness to get up financial bubbles, out of which they raise for themselves snug offices and pecuniary facilities.

And *first* of the Canal Bank of Cleveland.

On the 30th of May, 1846, the following five gentlemen became corporators of that bank:

E. F. Gaylord,	Cleveland,	100	shares	$10,000
C. Bradburn,	"	50	"	5,000
L. M. Hubby,	"	50	"	5,000
L. H. Bishop,	"	50	"	5,000
S. H. Mann,	New York,	250	"	25,000
Total Capital				$50,000

and on the 1st of June these stock holders met and elected E. F. Gaylord, President, S. H. Mann, Secretary, and then "Resolved that the Cashier be directed to make such provision for procuring Ohio State stocks in conformity with the act of incorporation, and that he also make such further financial and other arrangements for an early commencement of business, as he may be able, and as he shall regard necessary and important to promote the interests of stockholders."

A code of by-laws was also adopted, and on the same day the stockholders swear to the necessary legal certificate, and on the next day follows that of the directors; which is again followed on the succeeding day by the following article in a Cleveland paper:

"NEW BANK.

"The Canal Bank of Cleveland was organized in this city on the 1st instant, as an independent bank, with a capital of $50,000. The following gentlemen were elected and will compose the board of directors and officers for the coming year:

[Here follow the names already given above, and then says:] "The amount required to be paid by the Act of incorporation has been paid in Gold and Silver Coin. Arrangements were made to organize the Canal Bank with a capital of $100,000, but owing to the unsettled state of business, it was deemed prudent to reduce the amount to $50,000.

"The direction of the Bank is in the hands of several of our most active and careful and sound business men; and we trust it will prove a valuable auxiliary to the interests of community.

"We have seen proofs of the notes engraved for this bank by Messrs. Danforth, Spencer & Huftby of New York, and consider them exceedingly beautiful. Having compared them with the notes issued by the other free banks, we regard the work incomparably superior to any thing of the kind, that has yet made its appearance among us. We understand this house was employed to do this work by special request, and the result has shown, that competition in bank note engraving is highly important to secure the public against the issues of counterfeit notes."

In all this there is not one word of truth, unless it be a fact, that the plates for the notes were then already prepared; a fact, that would go far to demonstrate, that Mr. Mann had been to Columbus, had seen the State Officers and that they were privy to his programme. Not one dollar of either gold or silver coin was then paid in, and every stockholder was only nominally such.

The testimony of Mr. Gaylord, which follows this as Document No. 1, proves this conclusively, and so do the books in which there are no entries until July 9th, 1846, and the entries then, *look* only as if $15,000, had actually been paid in, while such is not the fact. On that day, Ansel St. John having become a stockholder in lieu of Mann, paid his first installment on his stock by a credit on Goddard & St. John in Philadelphia, which credit really never was drawn for, under arrangements which will hereafter be fully explained.

During the month of June, nearly all the stock of the bank passed to S. H. Mann, and in July his stock, ($30,000) is transferred to Ansel St. John, and the above credit of $10,000, being as we would again state, but a nominal credit, is the first payment on the stock. This credit was on his own eastern house, and that house really was the stockholder and A. St. John is for it the "man of straw," as S. H. Mann is for A. St. John, for whose benefit he is also Cashier, without any stock of his own. A. St.

John came originally from Cooperstown, New York, and was afterwards connected with the Susquehanna Bank & Delaware Bridge Company, both exploded banking institutions.

Neither were the $5,000 paid in, in fact, as the cash account shows, that the only cash paid in was a deposit of $5,000, by Mr. Weddell, of Cleveland, not a stockholder, the other $5,000 being in the bank only as stock notes. The whole arrangement being this: S. H. Mann is sent by Goddard and St. John of Philadelphia, to Cleveland to start a bank. He finds there a few patriotic men blind as bats in their devotion to paper money; and more than willing to serve their country in supplying it with bank capital. The bank is started, the charter secured and publication made of the fact, and then the Cleveland stockholders transfer (retaining only a nominal interest) their stock, to S. H. Mann, who, having secured the cashiership, transfers it again to A. St. John, who represents the eastern house. Thus the bank starts with $50,000 subscribed, of which $15,000 or 30 per cent. should, under the law, have been paid in cash; but which is paid by a credit as already explained, and so far the bank is a mere skeleton of two entries, both of which represent nothing.

Now comes a second operation. S. H. Mann, charged as he was on the first of June to procure State stocks, and to make "further financial and other arrangements," meets, either accidentally or by appointment, E. N. Sill, Ohio's great financier, who, with J. Whitehill and John Woods, constitute the canal fund board of Ohio, and without a dollar of money, either then in his purse or prospectively belonging to him, he, or rather—he having become a bank—the Canal Bank—lends the State $20,000. No money passes, in fact none could pass, as neither party had any; but the bank issues a certificate of deposit and the State issues a promissory note, and two entries are again made in the books, both again representing nothing.

The bank had now made fair progress towards being a bank. It had paper stockholders, paper officers, a newspaper puff, paper "bills receivable," and paper deposits, but the bank note plate with its beautiful engraving was still unused, and a commerce hungry for paper money remained still unsatisfied.

There are still no State stocks, and consequently no paper money—which is *the* paper most needed after all. The fertile brains of Mann and Sill soon found a remedy, and it consisted in placing with the promissory

note a certificate of Ohio State Stock for $20,000, as collateral to the note. This stock certificate went, it is to be supposed, to Treasurer Whitehill, who understood the programme, and becomes the basis for circulation. The note is dated July 9; carries interest however, from the 1st of the month, and on the 20th of July the bank gets upon this stock certificate $20,000 of circulation.

The bank now has, July 27, 1846, on its asset side, bills discounted, being State note with interest		$21,276 00
Expenses, being for plates and fee to newspaper		117 21
Eastern exchange, being the credit above spoken of and really due for stock		10,000 00
Eastern exchange funds forwarded		5,976 41
The notes of the bank		19,305 00
Currency, being notes of other banks		8,835 00
Coin		8,167 83
Total of assets		$73,677 45

These assets are due—

To stockholders' capital stock		$15,000 00
To interest and exchange, being the interest on State's note		1,285 24
To circulation obtained on State Stock, as above		20,000 00
To deposits, being the certificate to State	$20,000 00	
To Weddell and other depositors	17,392 21	
		37,392 21
Total indebtedness		$73,677 45

Was there ever a bank and balance sheet got up on nicer calculations and on less reality? Here we have stockholders, capital, bills discounted, interest earned, paper money, coin, deposits even, certificates of deposit, eastern exchange, and expenses, all created out of nothing—all being unreal except the deposits by citizens of Cleveland. And thus the bank got afloat, and thus it lived, as we shall see, and thus it ended, the only capital ever in it being the money put there by others than the owners of the bank, excepting always Matthew Johnson's money, as hereafter stated.

August 3, 1846. The certificate of deposit issued to the State is paid by a draft for $10,000 on the Clinton Bank of Columbus, to which bank had previously been sent $10,000 of the circulation of the bank, and

another draft for $10,000 on Goddard & St. John, payable in time for State interest on the following January.

In October of the same year there is another $20,000 operation with the State. Certificates are again issued by the bank, and promissory notes by the State, backed again by State stocks, on which circulation is again based. The first dividend, in November, 1856, is the result of money earned from the State in these transactions.

These notes, with State stocks as collateral, seem to have been renewed until February 28, 1848, when it appears by the books the State paid one note and sold to the bank one of the stock certificates, pledged as collateral as stated. At least the books show this entry:

Amount paid for stocks in New York	$21,145 45
Exchange	130 55
Fund Commissioner's exchange twice	371 02
	$21,647 02

which sales are corroborated in the Fund Commissioner's books.

The other certificate also remains a part of the State stocks deposited to secure circulation, but we have been unable to find any trace of a sale of it to the bank, although the promissory note is paid by the State, and so entered in both the books of the bank and the State.

We append, as explanatory of these matters, the contract between the bank and Mr. Sill, the Fund Commissioner, and beg leave to direct public attention to the correspondence between Mr. Sill and the bank on this subject. We fear that, like the $10,600 of State stocks at the Sandusky Bank, so has this $21,276 remained, in some form, for the uses of the bank.

It is a very peculiar fact that neither on the State's nor the bank's books are there any entries for State stocks until February 1st, 1848, when, for the first time, State stocks are charged

Both with the	$21,276
And	21,224
	$42,500

Up to January, 1848, the bank gets interest on State stocks for only $3,803, and $7,500, making $11,303 purchased through Goddard & St. John; but in May and July, 1848, interest is paid on $53,803—which is on

the $42,500, as above, and $11,303 of Goddard & St. John; and so again, six months after, and through 1849 and 1850.

We had looked into this matter with due patience and most persevering care and scrutiny, without being able to clear up satisfactorily to ourselves, the mystery that hangs about this transaction. We would not do injustice to any one by ungrounded suspicions, but yet, when conclusions are forced upon us by attending circumstances, we must adopt them, and state them as they are. We shall be most happy to see this matter yet fully explained.

In January and February, 1848, arrangements were perfected by which the Bank passed from Goddard & St. John to Joseph S. Lake and his friends. This is done by a few entries in the books without the payment of any money. Goddard & St. John owe $53,853. They hand back $38,500 of the stock of the bank, which, as explained already, and understood at the beginning, constitutes the item from which Goddard & St. John's indebtedness arises—stock instalments being merely charged to them as they are called for; and they also, then for the first time, charge on the books of the bank for State stocks purchased by these parties, $11,303, as previously stated, which, with premiums and interest, makes up their balance. The bank books, however, look as if $53,853 had been drawn upon Goddard & St. John, and as if $38,500 had been remitted to New York. Joseph S. Lake is charged with $28,500, J. Coleman $10,000, and State stocks and premiums with the remainder.

The stock books, however, show stock purchases and transfers for corresponding amounts, and explain the real scope of the transaction. Thus Goddard & St. John disappear, and Joseph S. Lake becomes owner of the bank, and its eastern banker, *his* stock indebtedness now being the eastern exchange.

March 1, 1848, S. H. Mann resigns, and Warren Jenkins is sent out by Joseph S. Lake from New York to be cashier.

On the same day Gaylord ceases to be President, and J. L. Hewitt, Lake's son-in-law, becomes President.

April 21, 1848, Joseph S. Lake's indebtedness becomes suddenly wiped out, and when we examine into the cause, it is done through the notes of Hewitt, Jenkins, J. P. Bishop, Brayton, Gates and L. H. Bishop, they buying his stock in the Bank.

Their stock afterwards gets in great part to R. Kruger, thence to Kruger

& Tucker, thence to H. A. Tucker, thence to McNulty, another son-in-law of Lake's, thence to A. & O. Klemm, one a son-in-law, all in succession, owners of the bank, and its eastern banker in Lake's interest, and finally to M. Johnson, McMillen and Hewitt, the latter being all the while a nominal stockholder with the others named, and its President. We think and believe that after Goddard and St. John left, all stock changes were mere kiting operations for Joseph S. Lake's benefit, and that he all the while was the real owner—Kruger, McNulty and Klemm being eastern bankers in their own name, but really for Joseph S. Lake; at any rate we find Lake in 1854, the sole possessor of the nominal stock of the bank ($100,000,) although not so on the books, less only the $4,500 of Mr. Wood, who was so disgracefully swindled out of his public stocks, all of which we will advert to hereafter in due order of time.

January 8, 1849, Warren Jenkins resigns as cashier, and same day T. C. Severance is elected in his place, who occupies this position to the last. After that date no elections of directors are recorded, nor any examinations of books made; T. C. Severance became sole and absolute manager of the bank, adroit in book entries, financial makeshifts, and paper metamorphosis of every description, and his talents in that line alone kept the bank afloat. Probably there have been few bank officers in the United States who could make their bank appear so clean, when at the same time it was so very foul. He appears to have thus imposed upon his very associates in business, the public examiners, and ultimately Matthew Johnson, McMillen and Hewitt.

That Severance & Lake should have deceived Matthew Johnson, himself a banker, an old business and banking acquaintance, speaks volumes for their expansive financial abilities. It reminds us forcibly of that interesting contest between the too great painters in olden time, which was yielded by the one on having presented by his rival a picture represented as covered by a curtain, who on being asked to remove the curtain, replied, "the curtain is the picture." Severance deserves the palm of distinction this fact gives him, and bank examiners, who have been deceived by him, may well plead this fact in extenuation of their failure to see what was so well hidden.

We have procured from the present Receiver, Mr. J. M. Armstrong, the tabular statement which is annexed as Document No. 1 to this part of our report, and to which we refer the reader in explanation of the items

and periods herein before spoken of. The statement contains in tabular form every balance sheet ever made by the Bank, and as it exhibits most clearly its workings, it will be extremely useful to all reading this report as a convenient reference.

We invite special attention to the item "Stocks furnished by stockholders," an account pretending to contain the State Stocks furnished or purchased by stockholders, while no such transaction ever took place. Every dollar of State Stock deposited for circulation, except the Sill stocks as collateral to loans to the State, was paid for from the general means of the bank, and these came, as already fully explained, from depositors and other creditors, and not from stockholders. So far from stockholders furnishing stock, in addition to their capital stock, they did not, as previously set forth, pay anything on the capital stock itself.

This item is therefore a mere fictitious ledger title, and must have been intended to deceive, as it did deceive Mr. Woods, and also, as they most positively aver, Messrs. Johnson, Hewitt and McMillen. This account was used to get the $4,500 of public stocks from Mr. Woods in exchange for this bogus stock. The most important use, or rather most flagrant abuse, of this fictitious stock, was made in the settlement between the bank and Joseph S. Lake. The latter owed $180,000, speaking in round numbers, and he paid the bank $50,000 in regular capital stock, though we would again remind the reader that even this stock never before, nor did it then represent anything, except the indebtedness of the Eastern banker of the bank, and so far as it reduced Joseph S. Lake's indebtedness, was a quid pro quo; $50,000, of the bogus stock above spoken of; $25,000, stock of the Akron Branch (McMillen's Bank,) since failed; $25,000, stock of the Commercial Bank of Toledo, (Matthew Johnson's Bank,) also since failed; $30,000, in lands near Toledo, which have proved worthless, the Board of Control having a prior lien, entirely defeating all receipts the Canal Bank can ever expect. Thus $180,000 of the bank's property was as fully lost and dissolved, as if it had been sunk in a *Lake*.

Matthew Johnson claims to have paid $20,000 actual cash upon the $30,000 of stock he took "to reconcile differences" between his old comrade Lake and the Bank, and we chronicle the fact to his honor, as being the first and only stockholder the bank ever had that paid any considerable amount on his stock, and what is stranger still, the only one that received no dividend, always excepting poor, victimized Woods.

The bank, therefore, under the Johnson, McMillen, Hewitt resuscitation, had more real capital than ever before, and had the other Lake assets not been valueless, and had not the bank had other uncollectable assets, and had McMillen & Hewitt fulfilled their quota of payments, then the bank might have commenced a new career, with better prospects of success, than ever before. McMillen, however, preferred to financier, rather than pay. The Lake assets were mere waste paper, and the bank's own assets were, as has since been proved, entirely unavailable, for some $100,000 remain uncollected on various pretenses and for various causes; and Hewitt failed to carry out the programme arranged for and accepted by him, and the bank ultimately failed November 9, 1854, because the managers had no confidence left that the public confidence could be abused any further.

The following dividends have been declared and paid:

November, 1846	$450 00
November, 1848	1,500 00
May, 1849	2,000 00
November, 1849	2,000 00
May, 1850	2,000 00
November, 1850	3,000 00
May, 1851	5,000 00
November, 1851	6,000 00
May, 1852, 5 per cent. on $89,803	4,490 15
November, 1852	7,056 21
May, 1853, 6 per cent. on $100,000	6,000 00
November, 1853	6,000 00
May, 1854, 3 per cent. on $100,000	3,000 00
	48,496 36

every dollar of which is a fraud upon the creditors of the bank; and all paid after January, 1853, might be denominated by a still harsher name. This amount should, if possible, be collected from those who received it.

We deem it unnecessary, to add anything to the very able and explicit report of the Receiver of the Bank, which is annexed to this portion of our Report as Document 4. The origin of the over issue of the bank is there fully set forth, as well as the conduct of the officers, who participated in this guilty transaction, and also how it was concealed in the books. It names the person who was the recipient of the proceeds, and who has them now in his possession.

Mr. Hewitt is pleased to assume before the public, the attitude of a very ignorant man; but the testimony taken before us, and which is attached to this Report as Document 3, as well as the facts gathered from the books, exhibit him in a different light. He is present at consultations, gets and makes explanations, buys and sells stock, holds it nominally, but receives dividends; in fact does many things, and participates in many more, which bring him benefits and profits known to him to be illegitimate; and which taken all in all, not forgetting his relationship to Lake and his being his tool in stock operations, relieve Mr. Hewitt considerably of the charge made by himself upon himself, of being an ignoramus, and we doubt not, it will behoove Mr. Hewitt to prepare himself at once to answer a very different charge. He may never have understood the fraudulent account of "stocks furnished by stockholders," nor how he was the lucky recipient of a credit of $18,000, to which he was not entitled; but he knows these things now and the question is proper, why does he not correct these mistakes and errors by paying back moneys wrongfully received; and thereby clearing himself of culpability?

The community in which he lives had confidence in his simple-hearted business integrity, a character which, if not flattering to a banker's pride, is at least better than that of an accomplice of Severance, Lake and McMillen.

He and not the State should pay the over-issue, and this is our opinion, formed after a careful examination of the facts.

The present Treasurer of State failed to redeem the circulation of the Canal Bank, for the simple reason, that the money in his hands became exhausted. We think that that officer acted indiscreetly in issuing a circular that he would take for taxes the notes of the Canal Bank.

State Treasurers have frequently been too hasty in their circulars in favor of the notes of banks, which had, and very often deservedly, got into bad repute, among the confreres of banks—the brokers. State officers have no business with sustaining banks and their circulation, and when a bank fails to retain public confidence in its safety, it ought, to a State officer, be a reason of caution and not for volunteer aid by agreeing to take its issues for State dues. This matter is totally misconceived by the banks and our State officers. All the State has to do with the circulating notes of a bank, is to be the custodian of its public stocks, and if these are purloined after they are deposited, it is property stolen, and although the State may feel

itself bound to make good the theft of its officer, yet even this doctrine may be extended too far. At any rate we can see no liability in the State for the over-issue of the Canal Bank, neither from the fact, that through Breslin's misconduct, circulating notes came wrongfully into the possession of the officers of the bank, nor from any obligation arising out of the circulars of the present State Treasurer. It is of the highest importance, that it be distinctly understood, that no one, except the law-making power, can put the State under obligations to pay, and that all acts of any and all officers not resting on clear legislative authority are void; only binding on the State at its pleasure.

As bearing on the question just presented, and also in connection with the over-issue, we beg to direct attention to the testimony of Mr. John B. Dumble, of Marion, Ohio, from which it is obvious that Breslin is more intimately connected with the Canal Bank issues than he is disposed to admit. The testimony shows how guarded the State should be in all its steps tending to an assumption of bank liabilities.

Mr. E. N. Sill, as already stated, acted an important part in the starting of the bank, and during its existence he frequently aided it at most opportune moments, with large amounts of public money. February 12, 1851, $51,000 were placed with it and a certificate of deposit taken, which was renewed June 27th, and paid December 20th, by $41,000 on New York, and by a time draft of $10,000, not paid till February following.

During 1850, $43,000, in five certificates, were with the bank, and in the fall of 1851, $33,401 72 were deposited there and not paid till the spring following, the last, to wit: $2,401 72, not until March 20, of that year, after, if we are not mistaken, Mr. Sill had ceased to be in office. Among the $33,401 72 was a draft for $19,000, being, doubtless, the identical draft, the proceeds of which were paid to Breslin as the final balance due from the Sinking Fund.

We hoped to have brought forward in this report those general and special facts which are called for by the inquiry which we have quoted at the commencement of it.

The bank was, by the very provisions of law, brought into contact with State officers, especially the Treasurer of State, and its managers were not slow to use the chance thrown in their way, of using the public officers for its purpose in every possible form, and it furnishes an additional lesson in favor of the opinion of N. Biddle, expressed by him, after his connec-

tion with the Government of the United States had ceased, and after a previous experience for twenty years, that it is a connection "beneficial to neither party and injurious to both."

What is, summing it all up, the result of this bank? It is a child of a false monetary theory, and some five or six admitedly able men, have devoted ten years of their life to grow rich upon it. And yet all of them are wrecked in purse and reputation. We speak here of the actual managers of the concern. What a vast amount of toil and labor, of misery and degradation, and all because credit was attempted to be made money, thus giving it a most dangerous form, under the guise of which it devoured the proceeds of industry. Near $50,000 has been divided by the bank among its stock holders, and a sum equal to this has been spent for officers and expenses, and some $100,000 have been lost to depositors and note holders, making a total loss of $200,000. These are the injuries of such banking. Where are its benefits?

The people seem impotent and helpless as against the plotting financier, and yet, as in the bank before us, we see that it is beyond the power of man to counteract the eternal laws of right, and that while the cashiers of banks plot, causes are at work, which at last overthrow him and leave him and his bantling a pitiful waif upon the waves of a commerce, whose regular and beneficial action he has wickedly disturbed.

P. S. Since the above was written, Mr. McMillen has sent in his affidavit, which directly contradicts Breslin's statement as to the over-issue.

We have already in that part of this report, which relates to the official accounts and transactions and conduct of Breslin, referred to this matter, and deem it necessary to revert to it here:

SENECA COUNTY BANK.

This Bank was organized one year later than the Canal Bank, the preliminary steps being taken July 12, 1847, on which day the following subscriptions were made to the capital stock:

Samuel Waggoner	60	shares,	$6,000
B. Tomb	60	"	6,000
R. W. Reid	60	"	6,000
Alfred Johnson	60	"	6,000
Daniel Brown	60	"	6,000
W. M. Buel	60	"	6,000

D. Smith	60	shares,	$6,000
W. Fleet	60	"	6,000
R. G. Pennington	10	"	1,000
William H. Gibson	10	"	1,000
	500	"	50,000

The organization took place the same day, and the following persons were elected Directors: B. Tomb, S. Waggoner, W. M. Buel, R. W. Reid, R. G. Pennington.

The board thus elected, met also and elected B. Tomb, President, and R. G. Pennington, Cashier.

On motion of S. Waggoner, 30 per cent. of the subscription was called for, and $8,474 21 paid in.

This was only 17 per cent. The money was ordered to be placed with A. Rawson, whose certificate was to be, and doubtless was taken to Columbus, as the basis in part of the sums required to obtain the Charter.

There was at this time a sharp contest between two rival parties for the Bank Charter in Tiffin, under the bank law of 1845, which, as will be remembered, districted the State for banking purposes. The one party proposing to organize a bank as a branch of the State Bank; the other as an independent bank.

Steel and Shoemaker headed the one, Tomb and Waggoner the other; and the latter proved victorious by superior activity, and getting the right side of the State officers, in whose hands the decision lay. This dispute made it necessary to comply, to appearances at least, with the bank law; a part of the specie was borrowed at Sandusky of a Mr. Morgan, who subsequently becomes a partner of W. E. Chittenden, and the stockholder list exhibited only residents of Tiffin and vicinity; the eastern banker, who is to manage the bank, is kept in the back-ground.

W. M. Buel and D. Smith surrender their stock ($12,000) with the consent of the other stockholders, and we believe, that there were in the above list others, who subscribed only nominally to the stock.

August 2, 1847, the following additional subscriptions are made:

S. Cadwallader	50	shares,	$5,000
W. Simmons	20	"	2,000
Isaac Arnold	50	"	5,000
J. A. Brown	20	"	2,000

A. Chapman	5	shares,	$500
S. W. Shaw	20	"	2,000
Z. W. Knapp	10	"	1,000
J. Baker	10	"	1,000
G. Dennison	50	"	5,000
A. Hepburn	50	"	5,000
W. McMeans	50	"	5,000
J. Gibson	10	"	1,000
F. Singer	10	"	1,000
J. Wright	10	"	1,000
A. Johnson		"	8,000
E. Dresback	20	"	2,000
R. G. Pennington	15	"	1,500
S. Waggoner	20	"	2,000
	500	"	50,000
Amount previously subscribed			50,000
Total			100,000
Less Buel and Smith's shares surrendered			12,000
			88,000

August 17, 1847. Wm. E. Chittenden is elected Cashier, and by-laws are reported; also the following resolution:

Resolved, "That the Cashier be, and he is hereby, directed to make such financial and other arrangements, for an early commencement of business as he may be able to, and as he shall regard necessary and important, to promote the interest of stockholders."

We call special attention to the phraseology of this resolution. It reads much like that passed for S. H. Mann, Cashier of the Canal Bank of Cleveland, and evidently for the purpose of conferring nearly unlimited power to set the bank in motion with as small an amount of means from stockholders as possible. Chittenden's appearance in the bank, is one of its great historic events. He is Bliss' confidential friend, and comes from Columbus, though originally from the same neighborhood, in the State of New York, as S. H. Mann, and A. St. John.

His stock comes from A. Johnson and W. Fleet, as the stock books show. Trading in Bank stock seems a pastime in Tiffin, and the books show frequent changes.

Chittenden sets himself to work at once, and makes arrangements with the county and State Treasury for deposits, also for circulation which he gets under the following dates.

November 13, 1847	$5,700
November 18, 1847	18,050
December 14, 1847	12,000
January 31, 1848	4,250
February 2, 1848	3,100
February 9, 1848	6,148
February 21, 1848	12,205
	61,453

Neither the books of the bank, nor those at the State Treasury show any State Stocks as security for this circulation and this omission is not rectified until July 1848.

Among the papers of the bank, there is a power of attorney dated December 27, 1847, from A. A. Bliss Treasurer of State to Wm. E. Chittenden Cashier, to collect the interest,

On Certificates,	Number	6,197	for $20,000	1850
"	"	4,530	for 14,700	1856
"	"	4,543	for 10,000	1856
"	"	4,552	for 6,300	1856
"	"	19,540	for 4,000	1860
			55,000	

There are also in the accounts of Goddard and St. John, the eastern bankers of the Seneca County Bank, accounts of purchases of stocks for this amount, for which money is sent forward, as fast as obtained from the deposits of the County and State Treasurers, and other depositors.

There is also an entry of $1,650, for interest received from State stocks, which is interest on $55,000 and when Chittenden leaves, the above amount of State stocks is found on hand.

But, whether the stocks were really at the Treasury before the resignation of Chittenden, and when they were placed there, does not appear.

Compare the circulation obtained as above with the stocks on hand somewhere, and a descrepancy arises of $6,453, which according to the rate, at which State stocks were then selling, would be an excess of about $7,000, of circulation over stocks. There must then have been other

stocks, and of which however we could find no trace except the following receipt:

"TREASURY OFFICE, OHIO,
"Columbus, Nov. 13, 1847.

"Received of Wm. E. Chittenden, Esquire, Cashier, seventy thousand dollars in Ohio State stocks, for the use of the Seneca County Bank.

"A. A. BLISS, Treas. of State.
per R. HUME."

"$70,000.

Whence those $15,000 additional stocks were obtained, and who furnished them does not appear. The power of attorney as above is dated December 27, 1847, and is only for $55,000; and if there were other stocks, why were they not included in the power of atttorney?

We sought in vain for a satisfactory solution of this matter; the statement of Breslin, which is admitted by Bliss, that a certificate of Ohio stocks was withdrawn by Bliss from the Seneca County Bank package, forced itself upon our mind, as having some connection with it, and it looks to us very much as if the stock certificate thus withdrawn and as Bliss testifies, because it was his property, was taken without a corresponding return, or rather cancellation of the circulation, which had been issued in 1847, and for which that certificate formed the basis.

Bliss' receipt and power of attorney contradict each other, and Bliss explanation does not fully clear the matter up, and we may be allowed the query, why bonds not the property of the bank, were ever put into that package?

Various indications point to a great intimacy between Chittenden and Bliss. For instance, on the 15th of February, Wm. E. Chittenden gets expenses paid for a journey to Columbus, and on the same day A. A. Bliss is credited with $12,600 25, and on the 27th of February, $12,205 circulation is charged to cash account with no corresponding entry for stocks purchased.

Johnson testifies, "that by his account, about $6,000 or $7,000 of the over issue are already proved to belong to the old issue under Chittenden, and we must admit that the facts above stated give some coloring to the charge.

Chittenden continued Cashier until July 15th, 1848, when he resigned. S. Waggoner retires from the Board of Directors on the same day. Both these gentlemen transfer, soon thereafter, their financial talents to southern

States, especially Mississippi, whence both emerge again after Breslin becomes State Treasurer. Waggoner is bondsman of Breslin, and, as is stated in a previous report, banks with him in Maryland, and lends him currency. Chittenden is, in 1851–2, Bliss' eastern depository, and as a part of the balance due from him, Bliss transfers about $50,000 to Breslin, as before stated.

Chittenden appears also in certain real estate transactions in Columbus, and, in 1853, breaks in New York from depletion by an Illinois and Wisconsin Railroad Company, and after he had tried his hand at Connecticut banking in Kellingsby and Woodbury in that State, he now lives near Breslin, in Canada, from whence, after a visit from Bliss last fall, he paid a flying visit to Tennessee and Mississippi.

A Mr. Fowlkes, President of the Southern Pacific Railroad, and several banks at Memphis, whose name appears upon the books of the Seneca County Bank, has evidently some business relations with Chittenden, the nature of which would throw some light upon the reasons which induced Chittenden to leave the Seneca County Bank.

The money of the Mechanics' Bank of Memphis came from that paper mint, through Waggoner to the Mad River Railroad, and to the Seneca County Bank, also to Breslin, and from this paper our people have suffered severe losses.

After Chittenden left the Seneca County Bank, Sylvanus Arnold becomes Cashier.

On the same day a resolution is passed authorizing B. Tomb and R. G. Pennington to sell $50,000 of the stock of the bank, which stock had, like worn out shoes, been left in the bank by Waggoner and Chittenden.

It is made a condition, however, to the sale of that stock, that it bring at least $1,500 premium, or 3 per cent. above par, which shows a piece of banking impudence not often met with, for the bank was then in such a condition as to make such a sale, even at par, almost a fraud.

Mr. Arnold's administration was principally directed to husbanding the means on hand, and he seems to have been desirous to transact his business fairly. Among the correspondence of that period, there are traces of an unpaid balance due to Bliss from Chittenden's time; but whether this debt is due for State stocks furnished or for bank stock surrendered by Chittenden, or otherwise, we have been unable to ascertain. S. Arnold, the writer of the letters in question, is in California, and we could not get full

explanations from him. Mr. Bliss, when questioned upon the subject, denies the existence of such a debt, and we can only state the facts as we find them, leaving to time their further development.

Mr. Arnold remained Cashier and manager of the bank until April, 1853, at which time it was quietly put into the quarters of the broker firm, Arnold and Tomb, of which Arnold, the Cashier, became chief manager.

Discounting at the bank rate of 6 per cent. ceased, and the broker rate of 12 per cent. commenced. The deposits were made as before, only to the brokers instead of the bank, and the circulation was kept up precisely as hitherto. The world was told that the bank was doing no business, and in one sense, and only one sense, that of change of the rate of interest, as stated, was this true.

In July, 1854, the Seneca County Bank changed managers the third time. Mr. *Gibson* becomes its purchaser in a lump for $10,000; which sum was supposed to be the value of the premium of some $60,000 of State stocks with the Treasurer of State, and of the franchise, with a contingent profit, from the outstanding circulation, which it was supposed would never be returned. *Gibson* afterwards parceled out the capital stock to other parties, and *C. L. Johnson* became cashier.

Before proceeding with the administration thus ushered in by Gibson, it may be well to state the personæ dramatis, and their positions in life, who, as is now revealed before us, were actors on that Tiffin Bank stage.

John G. Breslin is Treasurer of State, and already a heavy defaulter. He has passed through the hands of Reznor, in the City Bank of Cincinnati, is in close relation with Bartlit & Smith in a Maryland bank, and has some three hundred thousand dollars of money locked up, Newport Safety Fund notes, in the Elkhart County Bank, with Bowen, W. W. Cones, and D. Beckel, the Commercial Bank of Toledo, Chittenden, and others.

Gibson is President of the Tiffin and Fort Wayne Railroad, and partner for himself and friend (Breslin) in the Redfield Contract. He has been Breslin's attorney with Chittenden and J. G. Camp, and knows of these losses, at least of Breslin's, if not of others. C. L. Johnson has left store keeping; had been Cashier of the Newport Safety Fund Bank, in Kentucky, as also of the Elkhart County Bank, and is just making port at

Tiffin after cruising in the uncertain waters of Indiana banking. He too is a partner in the Redfield Contract.

These three men buy the Seneca County Bank, as above stated, through Gibson. Neither one of them, nor all three together, were worth $5,000 two years previous, and yet Johnson had then a claim for some $20,000, in Cincinnati, as the result of the Newport Safety Fund Bank, and is owner of bank stock and railroad stock for some $50,000.

So is Gibson for abont $80,000.

Where did the money come from?

The money for $50,000 of Seneca County Bank stock with which we are now particularly concerned, came from the Breslin, Bartlit, Smith, Waggoner Maryland Bank, borrowed on a note for 12 months at 3 per cent. interest, and this note was paid by redeeming the Maryland money, and the Maryland money was redeemed with Breslin's money, for he alone had means to do it, and his means came from the State Treasury, all the denials of Gibson to the contrary notwithstanding

The $10,000 loans paid for the bank, as stated, is an illustration of the way in which these gentlemen contract and then fulfill their contracts.

The bonus was never paid by Gibson, but by the bank a year or so afterwards, and this bonus Johnson wipes out through fraudulent interest entries; and yet, when the bank dissolves, Johnson magnanimously assumes the $10,000, already paid, as we have seen, and doubtless gets corresponding assets.

This dealings within dealings, these separate sharp turns on each other, are peculiar to the whole Treasury tribe. They join in getting some rich job from the State; but then again some one master mind manages to get the lion's share. What settlements Breslin, Johnson and Gibson will have, when, if ever, they can sit down quietly together and compare accounts Johnson is, so far as the Seneca County, the Elkhart and Safety Fund Banks are concerned, the recipient of all the leavings, while Breslin holds also a portion of the spoils, and Gibson vibrates, like a pendulum, between both, sometimes as an attorney, a creditor, and patron, but latterly only as a debtor, the unsettled account between him and Johnson and the bank being some $30,000 to $40,000. Gibson's great and favorite character—that of attorney for these and other persons—will then shine in its greatest light. It will be a task of severe labor for these gentlemen to unravel

the financial skeins, which, through dodges into, and then, again, out of, the bank, have become accordingly knotty.

We doubt whether they themselves can now tell what shares of the spoils belongs respectively to each f the three, and what to the bank, and we shall not attempt to do it for them. To our minds it is as clear as the noonday sun, that whatever money either of them had in the Seneca County Bank, is State money.

After Gibson had bought the bank, he transferred its capital stock as follows:

To L. Baltzell	$5,000
To H. Welch	3,000
To E. Umstead	4,000
To Jacob Holtz	3,000
To C. L. Johnson	25,000

and retained the rest for himself for a while, but after a few months is found holding only $29,000.

But about 30 per cent. is paid in, the remainder is represented by stock notes, which are again and again renewed; and are, on its dissolution, handed back to the greater part of them.

W. H. Gibson and C. L. Johnson pay for their stock, in great part, if not entirely, with the notes of the bank in Maryland, already spoken of and these notes, $50,000 of them, Breslin brings to Tiffin—claiming to act, as is his custom, for others. Why this mummery among themselves? Was it not to so place themselves, in view of final developments, as to enable each to tell such a story as to baffle investigation?

Immediately after the new Board of Directors is elected, which consists of W. H. Gibson, Hugh Welch, L. Baltzell, R. McD. Gibson, Elisha Umstead and J. Holtz, the board having made sure of the State Treasurer, as testified to by Johnson, resolves to increase the circulation to $100,000, and subsequently to a still greater amount.

In this manner the bank gets out of the hands and habitation of Arnold and Tomb, and again afloat.

The books are kept by a Mr. Kennedy, upon a most excellent system of book-keeping, showing each day the balances in every account. Mr. Kennedy exhibits in his testimony, when pressed upon the covert entries, all the characteristics of a Treasury clerk; he is in *blissful* ignorance of all, and

does not want to know. He enters as bidden by the cashier, and facts, details and numbers pass through his mind and pen, leaving no trace in his memory, except where he wants to tell. Verily, these men had eyes and saw not, and ears and heard not, and this oblivion is a most valuable auxiliary to their kind of employers, but a great impediment in investigations.

Under these circumstances nothing remained for us, but to grope our way into the intricacies of the very numerous details upon the books, and to scrutinize closely every suspicious item.

The books show on their face but few transactions between Breslin and the bank, but on closer examination it is found that Breslin's rage for screens, clung to him, even here, in the house of his most intimate friends.

He deposits and does all his business, and it is very large, under the cover of C. L. Johnson, and other citizens of Tiffin, and the fictitious names of "Sam Jones" and others, though we were astonished to find, that in this case, that much abused individual, "John Smith," escaped. Johnson is privy to this use of his name; the others are not. Sums as high as $56,000, between January and July, 1855, and altogether some $200,000, pass through the bank. As far as the books show, no interest is paid to Breslin, which confirms our suspicion that he looked to other considerations as a reward for his connection with the bank, and that he got his pay through dividends on stock from Johnson or Gibson.

The bank declares regular semi-annual 5 per cent. dividends, through which all parties in interest make money, without commensurate investments on their part. Their stock notes, which cover three-fourths of their stock, bear only 6 per cent. interest, while the bank pays them 10 per cent. on the stock subscribed; each common stockholder making on each $30 invested, being the amount of cash paid on their stock, $10, from which they paid $4 20 for interest on their stock note, leaving $5 80 to them, or about 16 per cent. profit on the money actually invested. Johnson and Gibson fare still better. Their money is borrowed in Maryland at 3 per cent., and they make 7 per cent. profit on their subscription, without the investment of a dollar of their own. After the Maryland money is redeemed, it is paid out again, and if they pay any consideration to Breslin or the Maryland bank for the use of this money, we have yet to see it, and to our minds, the facts ever again present to us the aspect of

transactions in whiah Gibson and Johnson are but the nominal owners of the stock, and Breslin, or rather the State Treasury, the real.

In what exact shape this understanding then existed, and what form it has now assumed, might be gratifying to know, as it would afford an insight into the fertility of expedients, which the minds of these men are capable of; but however that may be, the great point is this: the Seneca County Bank was purchased of Arnold & Tomb, for special purposes connected with the then already existing Treasury defalcation, and the money in it, beyond deposits from individuals, came clandestinely and covertly through and from Breslin, and sooner or later the State Treasury must exhibit the abstraction.

Not only does Breslin furnish money to start the new administration, but he deposits in the bank as stated, and also circulates notes for it, and it again circulates for the banks in which he had an interest. They both accommodate each other, and Johnson without scruple appeals on all occasions for means to Breslin, (or the State Treasury), nor does Breslin scruple to use the bank for his purposes, whenever convenient to him.

Breslin buys State stocks for the bank, with State money, and trusts the bank for it, and thus runs up its circulation; and he does more: he receipts for State stocks that have no real existence, and thus helps to swell the fictitious capital of the bank through illegal circulation, and these receipts are again exchanged for returned circulation. Johnson having learned all the tricks of a windy banker at Indianapolis, is aider and abetter in all these transactions, and we have no earthly doubt that the great body of the over-issue now ascertained in this bank, occurred during some of these shuttlecock exchanges from receipts to circulation.

That Breslin used returned circulation, which stuck to his fingers in some way between the return and burning, may well be assumed. Such nefarious practices are proven to have taken place in other banks, why not in this, where, if any where, he felt safe to take liberties? We refer to the testimony of Johnson, Kennedy, Baltzell and others, upon all these points, and, we think, they furnish strong circumstantial, if not conclusive evidence, of the correctness of every position assumed by us.

The $140,000 of North Carolina, Virginia, Louisiana and Indiana bonds, which came from the remnants of Indiana banking, especially Elkhart, deserve special consideration. They are in the Seneca County Bank soon after Johnson becomes its Cashier, and it collects the coupons, generally

crediting W. O. Spaythe, Breslin's old boon companion and Maryland cashier, with the proceeds.

The bonds themselves are used by Johnson, both in aid of Breslin's and the bank's necessities. The Seneca County Bank was then the receiver to which tended as a rallying and settling point, all the moneyed dealings of Breslin and Johnson. Newport Safety Fund notes, given to Breslin eighteen months previous, are paid off there; Seneca county circulation is used to buy in Elkhart—and the proceeds (the bonds above spoken of) go to this Ohio Bank, and thence again to the pockets of parties in interest, and again appear and disappear, as found necessary, and we suspect that these securities are even now in the possession, or under the control of one or the other of the defaulting treasurers, or C. L. Johnson, or some mutual friend of them all. The money for them came originally from the Treasury, and it may have been returned through circulation, but this circulation was again redeemed through the Seneca County Bank, through legal and illegal circulation, and through means furnished at last through Breslin.

Of all these matters, Gibson, as president of the bank, was cognizant, and he must thus have known of at least $200,000, of means illegally used by Breslin. More than that, when he becomes Treasurer, he continues all the practices of Breslin with the Seneca County Bank, with only this difference, being a bolder man, he throws all the old masks to one side, and does his business in the bank mostly under his own name.

Between January and July, 1856, his dealing with the bank amount to some $300,000, and in July of that year the bank aids him by kiting operations, got up for the special purpose to aid him in paying the State interest, which he could not otherwise have done, in consequence of Breslin's default. Thus the old policy commenced under Breslin of using the Seneca County Bank as an outside Treasury, was continued.

A bill for $35,000 is made up, signed by a junior clerk of the bank, a Mr. A. W. Searl, a person whom, at one time, was suspected to be some one "of the influential citizens in high position" who seduced our State Treasurers, but whom we found to be the clerk aforesaid, by the charge of a very moderate salary in the books of the bank. This bill is discounted at the American Exchange Bank, backed by the Seneca County Bank's collaterals, amounting to $56,546 87.

At this time, too, the draft for $300,000 was used, which is referred to in the following letter:

COLUMBUS, OHIO, Sept. 29, 1856.

ED. LUDLOW, Cash.—*Dear Sir:* Yours with draft of $30,000 under protest is received. As I am in no "fixed place" a day at a time, and will not be until the 15th inst., I inclose my draft at 60 days, which, if not satisfactory, please return to me at Tiffin, Ohio, and I will make it to "order." Thankful for kindness past, rest assured, all shall be fully reciprocated, in the *near* future, when the "power is mine."

I am, &c., W. H. GIBSON.

At the bottom of the letter there is in lead pencil a short exchange of views between Coe and Ludlow, which we append as a specimen of the character of these two men:

"Dear Coe: Please read inclosed. What shall I answer? *no*, of course —but a *plump* no, or *ease him off?* L."

"No! decidedly. G. S. C."

Of this matter Johnson writes as follows to the American Exchange Bank:

"I have this day received notice of protest of my draft of $30,000 on you, which was given to W. H. Gibson, Treasurer. Mr. Gibson, after getting the draft, preferred currency to use in Columbus, which I remitted, and now hold his receipt and agreement to return draft. There is some mistake on the part of Mr. Gibson.

"C. L. JOHNSON."

We may well suspect that Johnson's astonishment was somewhat feigned. We refer to his testimony upon this subject, and would only remark, that in this transaction, as in many others, the prominent fact shows out, that Gibson made as free with the bank as he did with the State Treasury, and that he would as quick commit a default in the one as the other, and that, like his own private means, they became so mixed up together, as to produce such a community of interests, funds, notes, and assets, as to make it difficult for Gibson to tell one from the other. Johnson seems to have kept a thread to himself in this labyrinth, and he tried to keep the bank, as far as was possible, on the safe side of the ledger, and to prevent it being engulphed when the Treasury defalcation should develop itself. This he was unable to do, as against the impetuous steps of

Gibson, and as in the $30,000 draft just spoken of, Gibson would occasionally get way beyond him.

The other most glaring instance of Gibson's independent moves and double default, is the abstraction from the Treasury of the State, stocks belonging to the Seneca County Bank, of which matter we treat specially in point VI., the one immediately succeeding this.

The Seneca County Bank suffered more or less in all these operations, and its cashier had a hard task to hide in his bank all the infirmities of his friends, the Treasurers.

But what could he do? His bank was the adopted child of the Treasurers. They furnished the means for its resuscitation in 1854, and however hard they may have ridden it, the bank, it was theirs and not Johnson's and accordingly he felt bound to acquiesce. The bank was a necessity to the Breslin-Gibson State Treasury, and the Trasury to the bank, and accordingly they both died together.

In April, 1857, preparatory to the expose intended by Gibson, in fact then published in his monthly exhibit, the bank is made to go into liquidation, or rather let us say, it was effectually robbed by the singular distribution of its assets, and the main proceeds went to Gibson and Johnson, as the other stockholders got, generally, their stock notes returned. Thus, some $60,000 were obtained for Gibson's use.

The circulation had been run up as high as possible in manner and form explained, and it is now run down for purposes explained by Gibson.

Evidently, the process of liquidation, determined on already, in February, is gone through with, under a preconcerted plan, so as to be ready for eventualities, and we have no doubt the over issue, the abstraction of the State stocks, and other matters were well understood between them all. Gibson, Johnson, and Breslin understood each other well, and all their acts before and since show, that each is prepared to act his part, without letter, word, or sign, "in the better art of hiding." And they are now, and have ever been, prepared to act, singly or jointly, as the case may be. The winding up of the old Seneca County Bank was one step in the game to be played, and the starting of a new bank was another.

The following is the stock list, as the old bank closes:

C. L. Johnson	$33,000
Elisha Umstead	2,000
R. R. McGibson	6,000

Lewis Baltzell	10,000
Wash. Duncan	3,000
J. G. Patterson	5,000
R. C. Steel	4,000
S. Harper	3,000
Joel Hull	2,000
Hugh Welch	3,000
W. H. Gibson	29,000
	100,000

A Mr. Noble, former representative in the general assembly becomes the trustee of the old bank. The same person also becomes trustee of the bank when it goes into liquidation, and the same person is the trustee for Johnson in private dealings connected with matters having a remote bearing on matters connected with the Seneca County Bank, and we have no doubt he is the person whose testimony might explain many now hidden transactions. We did not feel justified to take his deposition, as we knew, that being the attorney of all the parties involved, he had a valid, legal excuse for not testifying.

Gibson continued with the new banks his relations as they pre-existed with the old, modified only by the changes which his circumstances were now rapidly undergoing as he approached in May and June the fatal day.

We have not thought it necessary or proper to examine the books and papers of the new bank; we only know from records at Columbus, that Gibson was a stockholder in it for $10,000, and that Johnson was also a prominent stockholder, and that a Mr. Ebbert became its cashier.

The $12,000 drafts dated the 15th of June, two days after Gibson resigned, now locked up in the hands of a receiver in suits pending against the Trust Company, to which institution it came through Gibson, is one of the proofs of the new bank's connection with him, and that, like its predecessor, it was a sort of appendage to the Treasury.

The present receiver of the Seneca County Bank is doing his duty nobly and fully in ferreting out the assets of this corporation, and we hope and trust that he will succeed in compelling Mr. Noble, and all having assets, to disgorge, and that he will bring all the stockholders to a strict liability for all outstanding indebtedness, including the over issue.

The remarks made in that portion of our report which treats of the

Canal Bank, about the failure of the present Treasurer to redeem its circulation, apply here also. We hold that all remedies against the owners and debtors to these banks should be exhausted before the State seriously considers the propriety of its stepping forward, and assuming the outstanding circulation. We shall necessarily speak of matters intimately connected with this subject, in the succeeding pages, and deem it unnecessary to add anything further here.

The examination of this bank has been to us a subject of great labor and anxiety. Here, we had every reason to believe, were to be found the footprints of the defaulting treasurers, and we were not mistaken. True, they were covered and concealed in various forms, but enough is uncovered to lead eventually to a still fuller exposition, of all and every act in which the Seneca County Bank was mingled with their reprehensible course, and this belief, besides the gratifying knowledge that the Seneca County Bank, is beyond the possibility of resuscitation at the hands of its former managers, cheered us during our examination and cheers us now at its conclusion.

VI. "As to the condition of the Securities deposited by the Seneca County Bank with the Treasurer of State, and as to what measures have or ought to be taken to recover such part of them as have been embezzled or misapplied.

If all the requirements of law had been strictly and honestly complied with, there should be, taking the known uncanceled circulation as a criterion, at least $140,000, of State stocks, at the State Treasury as belonging to the Seneca County Bank; but no such stocks are now to be found there, and the package for that bank is entirely empty. There is, therefore, nothing to be said of "the condition of the securities deposited by the Seneca County Bank with the Treasurer of State." We doubt, whether the circulation account of that bank was ever right, and unless explanations hereafter made, can change the Receiver's and our calculations, it is clear, that the over-issue of that bank is a chronic affair, and that it was never less than $6,000, and often as high as $75,000—perhaps even $100,000.

The accounts relating thereto, labyrinthian as they are, do not contain all the facts in the case, and we shall never be fully advised in the premises, because we have to rely on the treacherous memories of State Treasurers and Cashiers, each of whom knows of issues and re-issues not known to the other, which neither is likely to tell.

All we can now hope to do, is to trace the $132,128 14 purloined by Gibson, and with these, as we suppose, we have in this part of our report specially to do, and we regret to have to say, at the outset, that the testimony of Gibson and Johnson, as well as that of all other parties concerned, is not as full, nor as explicit as it should be, and that even with the statements of Atwood, Coe, Bull, and others, as well as to the accounts, books and papers of the State and the Trust Company, much is left to conjecture.

Gibson inherited from Breslin, not only his part of the defalcation, but also his evil practices, among which was malfeasance in the trusts appertaining to the independent banks. Suspicious transactions with State stocks appear more than once in 1856, and, as the Trust Company letters prove, our State interest in July of that year, was, in part at least, paid through loans, for which illegally obtained State stocks formed the collaterals. This is repeated in the loan of Dunlevy, Drake & Co., in Cincinnati,—and doubtless on other occasions.

How far, and whether at all, the Seneca County Bank, securities figured therein, we can not tell; we incline to the opinion that in the summer of that year, that corporation aided Gibson with the Searl Bill of $35,000, and the misused $30,000 draft and "currency," though it may be possible that Gibson had some, perhaps all, the Seneca County State stocks with him in New York in July, 1856, for use if needed.

It is our belief that it was not until the fall of that year, and after the 1886 loan had been negotiated, that the assistance from the bank assumed another form. Gibson then had to pay the accommodation paper made for him as aforesaid, and also to meet the loans he had obtained through John Thompson, and for these purposes he had to prepare for the January interest. The Seneca County Bank, State stocks, then consisting

Of 1856's	$75,128 14
Of 1860's	57,000 00
Total	132,128 14

were, we think, taken East, and this we assert in the face of Gibson, who claims that it was done for the purchase of '86s. We have, with an eye to that matter, carefully examined the redemption account, and find the following redemption of the loan of 1856:

To Seneca County Bank *direct*, only	$20,508 76
To H. A. Johnson	23,619 38
To John Thompson	31,000 00
Total	75,128 14

H. A. Johnson got his share of the stock December 10th, and J. Thompson his November 3d; and both these gentlemen held them until redemption.

The 1860's went as follows:

November 3, 1856, J. Thompson	$26,000 00
February 17, 1857, Institution Savings for Merchants' Clerks	15,000 00
January 23, 1857, City Bank of Cleveland	16,000 00
Total	57,000 00

The $15,000 which were sold to the Merchants' Clerks Saving Institution, February 17—were doubtless in the hands of J. Thompson previously, and they make up the $41,000, spoken of by Gibson in his testimony. The $16,000 were most likely sold to the City Bank of Cleveland by Gibson, and as will be seen, they form a part of the $89,000, placed by him with the Trust Company, as collateral to make up the interest of January, 1857, and these $16,000 are now a part of the State Bonds deposited by the City Bank of Cleveland. We have thus explained what became of the $132,128 14 of *the* Seneca County State Stocks, that should now be in the State Treasury; for it is to us perfectly plain and beyond contradiction, that all subsequent purchases of State Stocks, were not such bona fide.

John Thompson, E. Ludlow, and W. H. Gibson had, in the fall of 1856, as Gibson's letter of September 26th, to Ludlow hints, put their heads together to kite in the new 1886 loan. Baker was, without doubt in the secret, and the State Bonds of the Seneca County Bank, were the material with which to operate. Understandings, as to such stocks being wanted, were also had with the Champaign County, Stark County, City Bank of Cleveland and Massillon Bank. Out of these grew the purchase of $160,-

000 of 86's by J. Thompson, of which but $104,000 ever were, and that only nominally as we suspect, the property of the Seneca County Bank, leaving $28,128 14 of a deficit, never made up. Gibson says, that in January 1857, $35,000 of 1886's were left with Thompson to cover a similar amount of 1860's not then disposed of, and that he had forgot these bonds (singular forgetfulness in a man so much in want of money,) and never thought of them again until after his resignation; when he asked for them—(the inevitable B. E. Smith at his elbow)—but did not get them. We suspect that Gibson thought of these bonds in Buffalo, when he wrote to C. L. Johnson on his way to New York, and that he then had good reasons for believing, that he could not and would not get these bonds on his demand, and these reasons are explained in B. E. Smith's testimony. Bartlit & Smith had loaned him money, and with their money and the Seneca County and other Bank State Bonds he purchased the 1886's stocks. Bartlit & Smith had induced him to place the '86's with Thompson, to secure themselves for this advance. Smith's testimony as to the time when Gibson handed him the Seneca County State Stocks, is directly contradicted by the record. He states it to have been in January 1857, when really it was in November 1856. We must here recall the fact, stated in another part of this report, and admitted by Smith, of accommodation paper amounting to $55,000 being made by Bartlit & Smith for Breslin, and by Breslin used in behalf of Gibson. It was doubtless part of this accommodation paper, or new paper made in renewal of it, that remained unpaid, and to secure which Smith insisted on getting the $35,000 '86's into Thompson's hands. At any rate, Gibson got from Bartlit & Smith no money to pay for these bonds, which were ultimately found to have been misapplied by Thompson. All he got and all he ever could get, after Thompson had them in his clutches, subject always to Smith's control, was the evidence of his old indebtedness, and therefore he may well write from Buffalo that the bonds could not be secured to the bank, and this explains, too, why Smith returned so rapidly from New York, and why Mr. Bartlit repaired at once to Tiffin, and urged C. L. Johnson to return Seneca County Bank circulating notes to the amount of $32,128, and we invite all to read the stealthy proceedings of Johnson, as detailed by him in his testimony, upon the receipt of the letter: and the visit from Bartlit, as requested by Gibson through Smith; how he circumvented, or rather believed he circumvented, the Prosecuting Attorney,

through the return of the $32,128 of circulation to cover up the missing stocks; Gibson hoping to cover up the remaining $100,000 in New York; how craftily he words and offers a receipt to the Treasurer of State for stocks never in the State Treasury; how Cooper K. Watson and R. G. Pennington are sent ahead to reconnoiter, how he follows them, and how thus Gibson is to be got clear of the embezzlement of the $32,128 14, at least of State Stocks. We would also call attention to the testimony of A. P. Stone, present Treasurer of State, upon this subject, from which it appears that, after all, Johnson did not succeed as fully as he believed.

We have stated that the deficit of State stocks were $28,128 14 as Gibson had purchased and transferred, nominally at least for the Seneca County Bank $104,000 and we have intimated our doubts, whether Gibson ever deposited these 1886's at the State Treasury. As proof of this surmise of ours, and as an explanation of what came of $4,000 of State stocks; as only $100,000 were transferred to J. S. Atwood in June, 1857, we would here mention the fact, that after the return of $32,128 14 circulation as above, $4,000 of 86's Seneca County State stocks were, July 30, 1857, a month and a half after Gibson resigned, transferred to J. S. Atwood & Co., with which firm Gibson appears thus to have had transactions after the close of matters through Auditor Wright, as hereafter detailed, and in this connection we permit ourselves to say, that as we gather together into definite outline some of the tortuous dealings of these men, we fully realize the severity of the task to follow them in their devious paths; their ways being like ever revolving optical illusions, ever assuming new shapes and aspects.

The State Treasury, the Seneca County Bank, Gibson's pocket or tin box, Bartlit & Smith's vault, C. L. Johnson's private papers, are in law and common understanding, things entirely separate; but according to Gibson and Johnson in their testimony, all these are chaotic reservoirs, into and out of which they testify stocks, bonds, bills, drafts, cash and cash items in utter profusion and confusion, often by accident, often by design, the object *being evidently* to confuse. What is more, certain things are, by the fictions in their own minds in several places, and in more than one form at once; and how could it well be otherwise? Gibson personified four persons, two natural, Breslin and himself, and two legal persons, the Seneca County Bank and the State Treasury, and Johnson represented so many corporations and persons beside himself, that he almost lost his identity,

Many things relating to him, are in the Seneca County Bank books entered under the ledger title "*Sundries*," a name fully expressive of Johnson's present existence.

That this confusion of personifications led to confusion of things, was inevitable; and hence we find Gibson confounding the bank for the Treasury, and Johnson the Treasury with the bank, and both, the Treasury for their private funds, and Seneca county stocks for means on which to raise money, and for this reason things are in their mind *in* the Treasury, which really are not there; as for instance the $4,000 State stocks referred to. There was such a scattering of things, both at the bank and the Treasury, while Gibson was the moving spirit, as to make all examinations into his conduct irksome and complex.

By reference to transfer agent Bull's testimony, it is evident that no stocks were bought direct for the Seneca County Bank up to January 2d except the $4,000 just spoken of, $115,000 were, if Gibson is to be believed, transferred to the Seneca County Bank, and $11,000 to the Champaign County Bank. These '86's State stocks, must, always excepting the $4,000, have been purchased by Thompson after January 7, 1857—for he is, according to Bull's testimony, no purchaser before that time. We have scanned carefully Mr. Gibson's testimony upon this whole subject, and however we may try to reconcile it with itself or truth, we cannot. He would fain create the impression that only $72,000 of the Seneca County bonds were sent forward to New York in the fall of 1856; but we have no doubt that the entire amount went forward, and was presented for redemption as stated. He also states that the $72,000 were sent to Thompson "to apply proceeds to the purchase of 1886's;" and soon after he states that $41,000 of the '86's remained with Thompson till the summer of 1857, and that they were not paid for by Thompson till the winter of 1858, and then only through Bartlit & Smith; and yet, he also states that these '86's were paid for and fully covered by $41,000 of '60's, which, if true, precludes all idea of Thompson owing him any balance. It will be seen that B. E. Smith, of the firm of Bartlit & Smith, is the *unavoidable* participant in these, as in other treasury defalcation scenes, and that they obtained from Thompson, and paid over to Gibson, or rather retained for an old debt due to them from Gibson, moneys belonging to the State, or respectively the Seneca County Bank, long after his resignation.

Thus the proceeds of State stocks, the embezzlement of which created in part, at least an over-issue in the Seneca County Bank, have been repaid to Gibson, but whether, or rather, how he paid it to the bank, or what became of it, still remains unexplained. Gibson says he repaid to Johnson, for the bank, what he got of Thompson—a statement we doubt very much. Gibson has a habit of using the same funds over and over again, and according to our opinion, this is such a case. At any rate, it removes, to precisely that extent, the contingent liability of the State for Gibson's act, as it reduces the amount purloined by Gibson. These and other matters are, however, proper subjects of inquiry by the Receiver, and before the court and jury, before whom Gibson shall be tried upon these matters.

$100,000, and not $104,000 as Gibson has it, were, on the 1st of June, 1857, transferred to J. S. Atwood & Co., on the Transfer Books of the State, and Gibson drew against them, about $58,000. Immediately after the defalcation became known, (June 13,) Gibson proceeded to New York, with the knowledge of the Governor and Auditor of State, and his extreme haste, without even a visit to Tiffin, proves where his weakest point then lay. He went to New York, having ordered forward from Cleveland and Tiffin all available means, and he taking with him such assets and securities as he had succeeded in carrying away under the very eyes of the State officers, claiming them to be his private property. From Buffalo he wrote to Johnson and acknowledged the fact, that besides the Treasury default, there was a bank embezzlement, and begged him to cover up at home, while he hurried forward to cover up abroad.

At New York the unavoidable Smith being again present, Gibson opens negotiations at once with Ludlow and others; but they were interrupted by the announcement to him by telegraph that the grand jury had found a bill against him. He left his bills, drafts and bonds in New York, and returned in great haste to Ohio.

The new Treasurer of State, had soon after he had taken office, ascertained that the State stocks for the Seneca County Bank were missing, and he at once despatched his brother as agent of the State, to seek out and recover these stocks; and he was again followed by F. M. Wright, Auditor of State. The Treasurer's agent had commenced suit for the recovery of the bonds, before Gibson arrived in New York. Gibson's negotiations were, and we think unfortunately for all, interrupted, and the Auditor of State opened his own. Atwood was seen, attorneys were employed, coun-

cils were held, and especially was Ludlow consulted. The thing to be accomplished was to get the bonds or stock from J. S. Atwood & Co., where they were in violation of law, and have them returned to the State Treasury in Ohio, where *alone*, according to law, they should be. It is said that "in a multitude of counsel there is safety," a proverb which lost its force in this case. Here was Auditor Wright on one side, evidently mistaking his position, and confiding in the highest degree, in the integrity of Atwood and Ludlow. Here, too, was Atwood, who understood himself and the danger he was in, glad to get paid his advances to Gibson, as the State stocks were standing in his name, and therefore easily enjoined and locked up in his hands. Beside both stood Ludlow—his eyes wide open for the thing he then needed most—collaterals on which to borrow money. Mr. Stone had consulted attorneys, but they were either not informed of the true facts, or overlooked them. They did not know that the stocks stood on the transfer books in Atwood's name; they were told that a part had been transferred to secure money advanced upon them, and they advised accordingly. Ludlow now came forward, and agreed to advance the needful to pay Atwood. The offer was greedily accepted by Auditor Wright—so greedily as to give to every act done a disagreeable aspect of precipitancy.

Gibson had left assets, which Ludlow agreed to collect, and place to the credit of the State. This was accordingly done, and Auditor Wright returned home highly pleased with his expedition. He never saw that he did exactly with Ludlow, what Gibson had done with Atwood! The stocks did not go back to the State Treasury, but they remained in New York! and what is worse, upon terms but half understood, and carelessly entered into. The State Transfer books had been closed as usual for a fortnight, preparatory to the payment of the July interest, and they were opened by Auditor Wright's orders, for the special purpose of transferring these stocks. Whether the transfer of the stocks as made, was understood by Wright at the time, and how much of that scene has passed from his memory, is hard to tell; but on examination, we ascertained from the Transfer books themselves, that the stocks in question, were, on the 27th of June, 1857, transferred to the Bowery Savings Bank, as collateral to a loan for $90,000; and not to the Trust Company, as the Auditor says should have been done. Auditor Wright denies all knowledge of such a transfer. Ludlow and Atwood assert that he did know of it; and Bull, the Transfer

Agent, and Coe, the Registrar, cannot remember either way. Auditor Wright admits that there was some understanding that the stocks were to be used by the Trust Company to cover advances, but not further than that. Ludlow's letter to the present State Treasurer, exposes his duplicity in this transaction; for while he had placed out of his hands *all* the bonds, he promises to re-deliver part on the return of Mr. Coe, the Registrar.

That our State officers erred in the management of the whole case, is now distressingly evident; but we should remember, that the Trust Company was then the legal depository of the State, that it was believed to be solvent, and that very few then doubted Ludlow's integrity. Wright counseled too much withinterested parties and was deceived by them, and precipitated into negotiations and entanglements, which a clearer view of his true legal position should have made him shun at the outset.

Ludlow obtained his object completely. He, so far from lending money, got things so shaped as to get money. As stated, the bonds went to the Bowery Savings Bank for a loan of	$90,000 00
Out of which were paid to J. S. Atwood & Co., for advance to Gibson, and interest thereon	61,591 17
Leaving cash for Trust Company	28,408 83
He received, besides the collaterals from Gibson, from which he collected	22,263 50
Or a total cash, of	50,671 33

instead of his lending anything as he pretended. He also used a portion of Gibson's collaterals for a loan of Beebe & Co.; all of which is but in accordance with Ludlow's favorite way of wearing the mask of a lender, when most bent on borrowing. The account of the State with the Trust Company, as growing out of this matter, will be treated of in that part of our report specially of the Trust Company, and to it we refer. Neither is it necessary here to comment on the account between the State and Gibson, as that has been fully done in the third and fourth points of inquiry.

We allow ourselves only to say here, that the State is not out of pocket for the whole $100,879 of Seneca County Bank notes now in the Treasury; $22,263 50 are already paid on it, and some $22,000 more are now in drafts with a receiver in New York from which nearly the whole may

be realized. The State has also received credit for the $28,408 83 received by Ludlow from the Bowery Savings Bank, over and above the amount paid to Atwood; making a total of about $75,000 already accorded towards this object. There is an unsettled account with the Trust Company, in the settlement of which the State claims some $10,000, being amount lost through the Ludlow loan of the Bowery Savings Bank. The $100,879 of Seneca County Bank notes at the Treasury are now packed up in a sealed package, and have been charged to the Trust Company, a book entry that may have been convenient to the accounts of the State, but which cannot be justified by any other sound reason.

Gibson says, that "had it not been for the legal proceedings instituted in New York before my arrival there, *I know now* those bonds would have been returned to the Treasury without the aid of the State at that time."

And to all appearances this is true. He had with him, as is shown, the following:

Ninety day draft from Seneca County Bank on American Exchange Bank, dated June 15th, 1857, two days after Gibson resigned, and doubtless sent forward through Johnson's influence, and now with a Receiver in New York, for	$12,000 00
Two drafts of $5,000 each, dated June 20th, 1857, of Kimball & Co., Cleveland, on J. S. Atwood & Co., also dated, it will be seen, seven days after his resignation, for	10,000 00
Paid to Trust Company, from Hamlin, $4,863 50, $6,400, by Gibson, and $10,000 by draft from Seneca County Bank, also obtained after resignation, in all	21,263 50
Hamlin claim, consisting of the notes of the Lewistown Reservoir Co.	24,000 00
Draft of W. C. Hedges, for	5,000 00
Twenty-five bonds of E. Osborn, of $1,000 each, bearing 10 per cent. interest—W. G. Law being trustee	25,000 00
Tiffin and Fort Wayne Railroad bonds	31,000 00
Seneca County Bank State Stocks, which were afterwards transferred to J. S. Atwood & Co	4,000 00
	132,263

and doubtless other securities, out of which to create means or a credit sufficient to have raised the $58,000 for Atwood, and thus have relieved the whole $100,000 of bonds. Gibson evidently withheld part of the

assets above named, after Wright interfered, and we fear a part of them will not be recovered, without protracted litigation.

The $100,000 of the State stocks of Seneca County Bank were hypothecated, as already stated, with the Bowery Savings Bank, and that institution held them when the Trust Company failed.

November 4th, 5th, 6th, 7th and 9th these stocks were sold by order of the Bowery Savings Bank, through E. Whitehouse, Son & Morrison, No. 54 William Street, corner of Pine Street, New York, as follows:

1857, Nov. 4.	$25,000	Ohio 6's. 1886	at 92½	$23,125 00		
			com	31 25		
						$23,093 75
" 4.	10,000	do	at 92½	9,250 00		
			com	12 50		
						9,237 50
" 5.	5,000	do	at 93	4,650 00		
" 5.	5,000	do	at 93¾	4,662 50		
				9,312 50		
			com	12 50		
						9,300 00
" 6.	4,000	do	at 93½	3,740 00		
			com	5 00		
						3,735 00
" 6.	10,000	do	at 94	9,400 00		
			com	12 50		
						9,387 50
" 7.	11,000	do	at 95	10,450 00		
			com	13 75		
						10,436 25
" 9.	5,000	do	at 95	4,750 00		
			com	6 25		
						4,743 75
" 9.	10,000	do	at 95	9,500 00		
			com	12 50		
						9,487 50
" 9.	10,000	do	at 95	9,500 00		
			com	12 50		
						9,487 50
" 9.	5,000	do	at 95	4,750 00		
			com	6 25		
						4,743 75
	100,000					93,652 50

The $3,652 50 are still due from the Bowery Savings Bank, less interest due and unpaid on the $900,00 borrowed on the stocks. This is

said to amount to about $2,000, leaving there subject to be reclaimed about $1,600.

We have thus answered the query, "as to what measures have been taken to recover" the stocks in question; and having shown the entire loss of the State stocks in question, it almost supersedes the only remaining query, "as to what measures *ought* to be taken to recover such part of them as have been embezzled and misapplied."

It may well be presumed, that every dollar of the $132,128 14 has long since passed to innocent holders, and that the recovery of the stocks themselves is now beyond the reach of the State; but William H. Gibson and Charles L. Johnson, by whose contrivance the stocks were originally removed from the State Treasury, are still amenable to the civil and criminal laws of the State. Section 30 of the Bank Law of 1845, is still in force, and we can see no reason why it should not be applied, in a case so clear as the one before us. The money received through Bartlit & Smith from Thompson, as well as the balance, if any, remaining still due to Gibson, should also be subjected to the redemption of all uncanceled circulation. So should the $22,000 in the hands of the receiver in New York, and the balance in the Bowery Savings Bank; and last, though not least, should the Trust Company be held to a strict account, as far as is fair and proper under all the attending circumstances, for every delinquency and malfeasance committed by her agents.

We cannot subscribe to the doctrine, that, in cases like this, the State is liable for the act of her agent. Gibson was put into the State Treasury to be the agent of the Bank, and not that of the State, and he performed the part assigned him most perfectly. The stocks were purloined with its connivance at the time, and it has since given its consent to it by forwarding funds to cover up the crime. If the rule be correct, that the State is responsible, then all a Bank has to do, is to put her officers into the Treasury, and if he be a Ludlow, or a Gibson, they would bankrupt the richest commonwealth that ever existed.

Sufficient facts are now developed to bring all parties involved to settlements, including particularly Gibson and Johnson; and to this end, every effort of the State officers should be directed. The General Assembly should pass an enabling act, authorizing the Receiver of the Bank, the State officers, and all parties concerned, to close up every question now open, and thus give some relief to the note-holder. They are now in

great uncertainty of their rights, and it is due to them, and to all concerned, that all power necessary to bring all these matters to an early conclusion, should be at once accorded. Delay is detrimental to every party interested, and we know we express the unanimous sentiments of the whole community, when we say, in conclusion, that the uncertainty now prevailing should be terminated upon the very earliest opportunity.

VII. Relating to the Ohio Life Insurance and Trust Company.

In reference to this Institution we are directed to make the following inquiries:

7. As to transactions between the State of Ohio, or any of its official agents, and the Ohio Life Insurance and Trust Company, and also into the causes of the late disastrous failure of that Institution.

We took it for granted, that something more than the statements of the former managers of the Company was desired, and that the General Assembly would expect to be placed in possession of such facts and details as would afford to it and the public an insight into the causes from which has sprung the ruin of this corporation. We believed, however, that these facts and details should not descend to such minuteness as to render the report too voluminous. The thing to be done, as we conceived it, was, so to examine as to enable us, and all who should read this report, to understand the operations of the Bank, and the merits and demerits of its administration, so that an intelligent opinion might be formed upon it, furnishing with it the facts and documents upon which it was based; and with this view we made our examination.

We found the machinery of this corporation unsually intricate and complicated, and its business operations, not only large in amount, but also exceedingly varied and extensive, and the books and papers containing them necessarily very voluminous, requiring much labor and patient sifting to arrive at correct conclusions. We have collated from them the following documents, marked respectively A, B, C, D, and they will explain the manner and scope of our inquiries.

Document A, contains the following tabular statements:

No. 1, exhibiting the general condition of the entire institution each month, from August 1, 1854, to September 1, 1857, and with it, for purposes of comparison, again as it stood in January, 1852, 1853 and 1854.

No. 2, showing the condition of the New York office, semi-monthly, from January, 1855, to August 24, 1857, the day of its failure.

No. 3, contains the action of the Home Board and the Assignees, after the failure up to Sept. 1, 1858, embracing every balance sheet made since that period, including, for obvious reasons, the last balance sheet, or the same accounts immediately preceding the failure.

Document B, furnishes extracts from the correspondence of the New York office chiefly to the Home Office, and again from the Home Office to the cashiers in New York, and others.

Document C, exhibits extracts from the minutes of the Board of Trustees, including the important reports of inspection from the New York Trustees, of May 1, 1856, and May 15, 1857, and other memoranda gathered during the examination, deemed to have a bearing upon the points involved in the examination.

Document D, embraces the sworn testimony of the principal officers and agents of the several departments of the Institution, as made in reply to interrogatories by the examiners.

While making up these documents, especially the tabular statements, we became familiar with the general organization, as well as the movements of its several sub-divisions; and we would respectfully recommend to all who wish to master the subject, to examine them critically; and the best way to do this, is to copy for themselves the tabular statements in Document A. They may, on cursory view, look like mere compilations of dry details, but on closer examination, they will be found to be maps extremely useful for reference, as they contain, in very compact form, a complete outline of the institution.

The company was chartered February 12, 1834. Its creation excited much controversy at the time, both in and out of the Legislature, which, to read at this time, is alike curious and profitable, as it exhibits the propensity of the friends of measures to overestimate and entirely misconceive their advantages, and to ignore the mischief lurking within them, while it shows the proneness of those opposed to them, to undervalue and overlook the actual good within them, and to charge upon them imaginary evils. Neither side then saw the rock upon which the institution was wrecked. A portion of the public mind was then, as now, seeking and finding delusive remedies for monetary troubles; and the institution under consideration was ushered into life as a measure to draw to Ohio foreign

capital and to cheapen money to our people. To use the words of one of the public examiners: "The Legislature of 1834, besides nine new banks, created this institution, with large capital, ampler powers, and different checks and safeguards. By reason of its locality, the long endurance of its charter, its credit, its fair productiveness, without the temptation of incurring large risks—by its adherence to safe usages, by the experience and prudence of its officers, it ought to remain exempted from many perils incident to banks of circulation, and should become the great regulating, controlling, financial organ of the West.".

Its history is now before us in the reports of the several examiners appointed by the supreme court of Ohio; its books and papers, extracts from which are furnished in the documents herewith presented; and humiliating as the admission may be, yet it is true, that not only the friends and enemies of the corporation at its organization, but also the public examiners—the managers of the institution, as well as those who were in intimate business relation with it—failed to see the great peril in its existence; a short-sightedness continued, with very few exceptions, up to the very day on which it finally fell. Claiming no exemption from this for ourselves, it is an ungracious task to have to say of it, that it has left all the promises of its friends unfulfilled, and that it has worked greater wrongs than its enemies dare predict. The charge made by its political opponents, that it would become a combination dangerous to commercial liberty and the independence of the fiscal relations of the State, was not verified, simply because its efforts in that direction were counteracted by the weakness inherent to its management, through which shrewd politicians often used the bank for their advantage, the bank only occasionally using them for its purposes.

The company was at first managed with a fair regard for its charter, and the character held forth to the public as an inducement to the grant of its corporate powers. The capital represented in its capital stock ($2,000,000,) was duly invested in real estate mortgages all over the State, constituting the basis of the Trust Department; and $600,000 and upwards were borrowed *abroad* at low interest, on twenty year bonds; to form, with the privilege to circulate $500,000 of bank notes, or, in other words the power to borrow that sum *at home*, the means deemed necessary to the proper conduct of its banking department; and the New York office, which was, however, not immediately established, nor in fact mentioned while the

charter was before the legislature, was confined to its only legitimate functions, the transaction of so much of the company as, originating in Ohio, was likely to be better attended to, and more cheaply managed by the company's own officers, than outside banks or bankers. As to the establishment of this agency, we have searched the charter in vain for the power to do so. It speaks of agencies in the State, but in nowise of any out of it. The opinions of Chancellor Kent and Mr. Lord, which we append, do not touch this point, as they start out with presuming that there is power in the charter to erect such a foreign office. We have been unable to find any authority for this presumption, and we are satisfied that the greater part of all done at that office, was illegal and void, and that when suspension had been determined on, this question should have been looked into, and steps taken accordingly; and here we feel bound to state the fact that, in none of the general statements of the company can we find the assets and liabilities of the New York agency, except in the one item of the indebtedness of the home office to it. This omission was calculated to mislead the managers, as it undoubtedly did the public examiners, none of whom, so far as we have seen the reports, paid any attention to it beyond an examination of such papers from it as were in the home office. The institution, thus founded and understood, then acquired a character for stability and solidity which it has retained to the last, and which begat the overweaning confidence, which became the great element in its final discomfiture.

Unfortunately for the Company—perhaps fortunately for the freedom of western commerce, to which such a powerful institution, if it had grown with the country, could not fail to be inimical—the rules of action originally guiding the corporation, were gradually dropped, and theories and practices taken up in their stead, which measured success in banking by the degree to which credit is used, limited only by the ability to borrow. Instead of being, as the charter indicates, an institution which looked to the safety of its investments rather than to high profits, and which would restrain the tendency to high rates of interest, it abandoned itself to a strong desire to make as much as other banks, and to keep up the value of its stock in the stock market. Instead of being a rock for solid wealth, and a safe haven for the savings of the provident, and the means provided for the aged, the widow, and the orphan, against the perils of ordinary banking, it gradually adopted, more and more, the more hazardous practices of the sharper

bankers, such as borrowing circulation—and of which that perilous form of credit, *paper money*, is the concentrated idea; and it, like all other banks, devoted its business to bill brokerage, rather than regular home discounts, thus helping to eat out the substance of the people, and weakening the very trade and commerce which was its life, by doubling the price of money; the public supposing it to be the staid mother institution, while in reality it was as light a thing as the other banks around it. And we confess to a good degree of astonishment, to find it so very different from that which the public and ourselves had formed of it. We presumed ourselves familiar with it, being its business friends, and having observed its management both by the light of public reports and our own observation; and we were not prepared to ascertain that it had lived outside of the Trust Department, without a dollar of actual capital—its Banking Department and New York Office being conducted upon deposits and other transient means liable to be withdrawn any moment, (after the twenty year bonds had been reduced from $600,000 to about $60,000). What added to our surprise, was the fact, that the Trust Department had, through the force of the elements at work in the Company, been gradually dragged from its safer anchorage—its real estate mortgages, which had dwindled from its legal amount, two millions, to a little over one million—and that the money withdrawn from this real estate security, had been invested on personal and other more ephemeral security, such as individual notes secured by City, County, Township, Railroad and other corporation bonds—the Trust Department becoming itself half a Banking Department, and that it was doing much of its business on that deception in Eastern banking, yclept "Call Loans," being really loans not to be "*called*." We still less expected to see the Trust Department a borrower from the Banking Department—a fact shown in tabular statement No. 1.

It can not be successfully denied, that the Banking Department at Cincinnati maintained, nearly at all times, a discount line far greater than the deposits upon which its business rested justified; and this excess was derived from the New York Agency. And when we examine it, we learn that it subsists from week to week on Western deposits forced to it, in great part, by the unwise legislation of Ohio, which makes Eastern Exchange a basis for circulation; and these deposits averaging about $1,400,000—never below $800,000, and for a while as high as $1,800,000.

The Agency always presented an utterly deceptive character. Without

means of its own, it was but the channel through which a large portion of the funds, which all believed to be snugly in New York, were returned to Ohio; the Trust Company in effect, by this process, withdrawing the money lent in the several counties on real estate, and it was in keeping with the actual facts, when, upon the failure of the Trust Company, the well known assignment of these real estate mortgages to the banks for the balances due them from the New York Office took place,—as, in reality, the money of the Ohio banks was invested in them.

These Western deposits cost the New York office for a great while only four per cent., but latterly five per cent. The "call loans" were supposed to be out at seven per cent., and calculated to produce sufficient to cover the interest paid for deposits, and also the expenses of the office; and this calculation proved correct, especially in those years when the Agency enjoyed large State deposits. But when the scattered "deposits by individuals," which were really *street* loans, began to accumulate, and for which seven per cent. was always paid, as the books prove, the "office" beame more and more expensive, until finally street rates of interest wasted all its profits, and threw them heavily upon the other side of the ledger.

The general condition of the Company may be stated thus:

The Trust Department does a sluggish business of two and one-half millions, on the capital of the Company of two millions.

The banking Department does an exceedingly active business of two and one-half millions on almost no capital; and,

The New York Agency, does an active business of two and one-half to three millions, on *no* capital at all; or a business of eight millions on a capital of never fully two millions.

We need not wonder that the two last named departments should as the correspondence shows, be always liable to extremities, and that the whole institution should ever be constitutionally weak.

And as, bearing this general view in mind, we look closer into each department, we perceive more and more the rules of action upon which its business was conducted.

The Trust Department had absorbed all the capital of the entire corporation. This, as the rate of interest as recognized in commercial dealings, rose to twelve per cent., became an eye-sore to the managers of the insti-

tution, who, like all the rest of mankind, were anxious for equaling their neighbors in making money; and hence the real estate mortgages became a "sinking" fund, for it kept sinking all the time, while the charter contemplated it to be kept up to its full amount, and the proceeds went into other channels for reasons then at work in commercial dealings generally, which will herafter be stated. The "call loan" account, into which they went, was an avenue to borrowers little known to the public, and we cannot express ourselves strong enough against the pernicious influence generated by it. No well regulated bank should have such an account. Every loan made should be for specific short periods, and upon paper arising out of regular commercial transactions. All loans for indefinite periods must necessarily lead to evil consequences. It was the favored spot, whence those borrowed who did not wish to do so on short credit under the rules of the Banking Department, or who could not give the real estate security required in the Trust Department, or who were specially favored.

In this item occurred nearly all the losses in the Home Department. We hold that no loans should have been made in the Trust Department, except those held forth to the public, viz: on real estate to double its value; and the amount so loaned should have been studiously kept at two millions. We believe, too, that the idea held forth to the public, that the Trust Department kept the cash funds, which might be required for disbursement to its creditors, loaned out in such manner as to make them always subject to *call* in *fact*, and not in name only, should have been religiously maintained; and that it should have always been prepared, with cash of its own, to pay its certificates of deposit as they fell due; and this was easy in that Department, as its payment fell due at regular previously known periods. As it was, the Trust Department relied for its cash payments upon the Banking Department—a state of things totally at variance with that impressed upon the public.

When, in 1854, and a portion of 1855, the Banking Department paid six per cent. interest on current deposits, it produced a withdrawal of time deposits from the Trust Department, and during that period the latter became a heavy borrower from the former; and this ceased only when, in 1856, the Bank Department abandoned its interest paying policy, whereupon the Trust deposits again increased. The Trust Department became, instead of, as originally intended, a reserve for the Banking Department,

actually a burthen to it. The gradual increase of the "call loan" account was not justified by the real state of the Department, and, as will be seen by reference to the tabular statement, the loans were frequently increased, while really there was no money to lend in that Department. The officers, when this was pointed out to them, gave the explanation, that notes and bills discounted, originally discounted in the Banking Department, and which had become "down paper," or paper past due, were transferred to this fund; which, no doubt, is correct in some instances, but incorrect in others, which could be pointed out.

What we complain of is the two-fold operation, to wit: first, the gradual withdrawal of money from the legally prescribed real estate security; and second, its investment in securities less secure and changeable in value; and that by this process the Banking Department became the reserve of the Trust Department, and the New York Office that of the Home Office, while the reverse should have been the case. This total reversal of the relative position of the different departments to each other, as just explained, will, if reflected upon, point out the cause of that lamentable want of proper supervision over the New York Office, by that authority which the charter designates as the only controlling power—the Board of Trustees. That office was to the Home Office a clandestine source for money which they abused, and which, to rule rigidly, or to examine frequently and closely, would no more occur to their minds than it would to any other truant, to array before him the officer whose censure he fears. The New York Office lectured the Home Office, and what is more, with deserved severity. *It* was, or at least assumed to be, the hard laboring and intensely suffering office, against which offenses were committed, but which was not likely to offend; and the reports of its condition were therefore never examined with that critical scrutiny which should have been bestowed upon them. The only item most carefully looked into, was the one from which to determine how much they might draw.

These are the primary, long inherent causes, which were silently undermining the whole institution. Similar ones had already, in 1846–'47, brought the Company to the brink of ruin. Up to 1849, the Company had charged away to profit and loss, the sum of *eight hundred and ninety-four thousand five hundred and eighty-four dollars and sixty-two cents*, ($894,584 62) which was nearly equal to one-half of its capital, and had it been settled up when these losses became known, others would, we suspect, have

shown themselves equal to full half of its capital. The losses then sustained—the chief ones being the Nashville loss of $437,115 20, and those by P. Dow and D. Johnson—operated for a while as a severe lesson; but they did not produce that radical change which alone could keep the Company in the path of duty.

Mr. Coe succeeded Mr. Vermilye as cashier in New York, and the Company then made money in all its departments—in New York, especially at that time, through operations with the State—and it is doubtless true, that during that time not a single loss occurred either at home or in New York; and this prosperity enabled the Company to wipe out, in a comparatively short time, the losses above spoken of.

Since then, the old evil tendencies, having been only checked by the events just referred to, again developed themselves; and the management of the affairs of the institution again became more hazardous and expensive, especially in the New York Office, under Mr. Rockwell's and Mr. Ludlow's administrations. At no time since 1854, could the affairs of the Company have been settled up without considerable loss to the stockholders, arising mainly out of the New York Office, which has ever acted as the main reservoir, to which tended, and in which lay concealed the evils of the institution. And in this connection, it may be proper to mention the interesting fact, that the Trust Company has, since it has been in operation, paid 155 per cent. in dividends; or, in other words, repaid to the stockholders their capital, and 55 per cent. besides; and this it has done, although it wiped out 40 per cent. in losses, as above stated; the whole dividends paid being equal to a regular annual dividend of six per cent., free from all tax or other expenses. The grand result of the Trust Company being, two millions brought into the Company twenty-five years ago, and a little over three millions since paid out; and besides, about one half of a million of the stock repaid to stockholders through Ludlow's stock purchases. Nothing was ever less true than the assertion so often reiterated, that the taxes imposed by law, under the provisions of the new constitution, were too oppressive, for there never was a bank with equal capital that made as much clear money as this did.

It is due to all the officers upon whose administrations the preceding remarks reflect, to say, that they had charge of the Company's affairs at the most dangerous period of its existence. Our own State, like the country at large, had expended millions upon public improvements, about two-

thirds being borrowed, and the balance being raised at home. The expenditure exceeded our productive capacity, as we were not only building these public thoroughfares, but also clearing and improving our farms, erecting towns and villages, besides supporting the necessarily large expenses of the life of new settlers. Much of the means for these improvements must, of necessity, be raised on credit, and this credit must be carried in various forms—in stock certificates and bonds, and in the shape of bank circulation, or mere individual credit, until either the productive elements of the country would rise equal to and pay it off; or until, by the force of circumstances, it broke down, or was wiped out, either by a process of bankruptcy, or of hopeless depreciation. Banks and bankers could not fail to labor under considerable risks while this state of things existed, for railroad investments were crowding themselves into every avenue of trade; and to keep entirely aloof from them amounted to the refusal to do business. Very few had the courage, fewer still the sagacity, to resist the importunities of their friends; and we may safely say, that the participation in railroad speculations was very general, and that it controlled business operations to a very great extent. Some attempted to discriminate between sound and unsound securities—their judgment being oftener wrong than right—and if any have escaped greater or smaller losses, it was more from accident than the exercise of a superior sagacity. Each particular railroad interest, nestled itself with some bank or banker; and if the railroad got safely to completion and success, (and their number is very small) so did the bank; if not, the two went by the board together. The question of the safety of a bank was therefore to be measured exactly by the degree to which its managers were under the influence of railroad borrowers, be they stock or bond holders, or contractors, or the railroad itself; and this resolved itself again into the question, whether the railroad interest had inside friends in the directory, and whether it could control its chief financial officer.

In our examinations, we have been pained to perceive the pressure brought to bear upon such officers; and while we felt bound to probe to the core, unchecked by any false sympathy, the corporations of which they had charge, this one amongst the rest, we never failed to remember that these men were but the "foci" of an all-pervading popular movement, and that we should judge their acts, not by the ill success which has attended them, but, as near as is possible, by reviewing their proceedings

from the stand point *they* had occupied. That some transgressed the limits of prudence, is lamentably true; that others approached criminality, yea, became actually criminal, cannot be denied; and yet we venture the inquiry, how far the very public, that now complains of them, shared their folly and superinduced their guilt.

To treat expenditures for public improvements as *investments bearing interest*, could not fail to prove to a great extent a financial illusion. They are the voluntary contribution of each stock or bond holder to the general expenditure of the country, and in most cases they were a voluntary tax, preferred in that shape because they wished to give to the expenditure the desired direction, rather than to be forced to pay it by a tax from government, which they will not trust, fearing its partiality and profligacy. When not done from actual means, as was generally the case in the west, it must be made a credit item, and as such it got into the reservoirs of credit, banks, in all kinds of forms and under all manner of pretences; and there it encumbered the operations of trade, and produced disorder in commercial transactions. There it became a burthen, and the desire to shove it off spread contagiously, the cautious ones clearing their portfolios first—the over-sanguine last; and, as it often happened that banks had intricate relations to individuals, which prevented their availing themselves of the proper opportunity to sell out, they failed to clear their drawers when they could, and thus these so called "investments" became floating material, shifting from the west to the east, and from the east to the west, as doors were opened to them; either by tempting offers of great profit, or by a community of interest. They had, in their very inception, a falling tendency, because, resting for their value on the regular income expected from them, which could not be realized, because no generation can pay interest on so large a portion of its expenditures, they fell from par to 70 per cent., and from that to 10 per cent., and even less.

The country at large experienced what any individual will, who, allowing himself interest on his outlays, finds his balance sheet at last end in self-delusion, and nothing left to himself but the evidences of his folly; so the commercial world now sees the fallacy of placing public expenditures doubly upon our tables of wealth. They are wealth in the same sense as our houses, our public buildings, or our churches, but when the receipts for their expenditure accumulated in stocks and bonds bearing interest, it was heaping up a burthen which the country could not bear, and which it

labored to throw off by a depreciation of these stocks and bonds issues and where that was resisted by financiering, it had to, and did end in the prostration of the corporation or individual who blocked up the way. This truth many would not recognize, hence the laws of trade had to enforce it in its own way.

Not being actual capital, but credit, these issues were made to absorb capital, and wherever there was old capital, as in the Trust Company with its two millions, or accumulations of it, as with the deposits made by the saving citizen, with brokers or bankers, no matter how or where actual means were concentrated, there these issues were presented and made to absorb these means; and the owners of banks and their officers were but simple agents, who took in actual capital and substituted for it false capital. Occasional failures of moneyed institutions were the premonitory symptoms of the coming storm, and the crisis came, because settlements were inforced by laws beyond the ken of financiers and above the stock-jobber's control.

A perusal of the several documents we present, must impress the reader, as it did us during their preparation, that all the departments of the Ohio Life Insurance and Trust Company were particularly exposed to the influences and temptations above spoken of. The Cincinnati, Hamilton and Dayton Railroad had a strong position in its directory; and it extended to the Junction Railroad, Dayton and Michigan, and other affiliated roads. No direct loss has occurred in pursuance of it, to the bank, because the bonds were, after suspension, taken at par by creditors, but the loss to them was some twenty-five per cent. Indirectly, it however inflicted injury upon the bank, as it locked up a disproportionate large portion of its means, producing a strain from the Trust upon the Banking Department, and from it upon the New York Agency; and this was again used through the same influences, by loans to Eastern stockholders in this and affiliated roads.

Ludlow came under the same influences, and engaged in purchases of stocks and bonds of these interests, for which, not having means of his own, he used those of the Agency. The Hillsborough and Marietta Railroad also had a foothold in the directory, out of which grew the connection with the Kanawha Bank.

It is proper to state here, that these connections with railroads were yielded to with evident reluctance by the Home Board of Trustees; but this was not the case at the New York Office. There, during Mr. Rock-

well's and Mr. Ludlow's administration, funds are purposely and clandestinely used for favorite roads. At first, as in all such cases, it is done for supposed temporary necessities; but the temporary want grows into a permanent one, which, as the security keeps falling, cannot be made good, and being, perhaps, also drawn into affiliated roads, the circle enlarges while the purse contracts; and thus, it has happened, that men who started as accomplished Bank officers, ended in the smoke of stock gambling operations. Ludlow seems to have adopted with alacrity every railroad proposal. Having "a snug occasion and a treacherous inclination," he is never so much in his element as when he labors, steeped to his chin in kiting operations, and loaded down by all forms of debt. He dabbles in Cleveland and Pittsburgh, Illinois Central, Ohio and Mississippi, Florida Land Bonds, Trust Company Stock, State Loans, and loans to officials, and in coal lands, town lots, and nearly every variety of schemes. So far from resisting the tendency of the day, he is the most fertile of all in devising and carrying through favorite railroad projects. He enters them with a will; expects to make money where money is wasting away, and deceives himself and others. The follower of Rockwell, he associates with bankers and brokers of the fastest sort, and borrows and lends money profusely, and takes delight and pride in being the most seductive and sharpest financier in New York. What a pity that his talents were wasted on a falling market, and that he could not stay the tide which from January, 1857, set so strongly against him, and which finally overwhelmed him. Others before him had kept afloat in the same waters—why not he? And there is in fact no other reason for his failure than this. He operated with the elements upon which he was afloat receding from under him, while others did it in the flood time of prosperity.

Ludlow commenced his career as cashier with a portion of his loan account doubtful, and his course encumbered by entangling alliances; and he went on in the same general course, being careless in his loans, and permitting the doubtful to increase, and become absolutely bad, and wasting money in paying high interests, and in all kinds of stock maneuvers. He lost, during 1857, largely in the Cleveland and Pittsburg Railroad; and he sunk, by purchasing Trust Company stock, a large share of its capital, which, added to the losses in the regular loan account, as well as in loans to individuals, himself included, sank the capital entirely. He paid enormously for interest and premiums on sterling bills, and many of

them proved worthless. He feed newspapers and writers of money articles, and incurred other inordinate expenditures of all kinds. He had money locked in various projects—some $25,000 in the Ohio and Mississippi contract, and some $75,000 in stocks and bonds of the Cincinnati, Dayton and Hamilton Railroad, and similar large amounts in other railroad companies. The exact amount of each item cannot be ascertained from the books, and the nearest approach to their amount must be gathered from Mr. Bishop's testimony, made as it was in reply to inquiries specially directed to this point. Ludlow's recollections are unreliable, even with the best effort *he* is capable of to tell the truth. At the beginning of the year 1857, he, by the aid of the books, might have explained the accounts; but since then, and especially after April of that year, the accounts were only kept straight to avoid exposure. The semi-monthly statements from the New York to the Home Office seldom contained the exact truth; but latterly they were downright deceptions, as is shown by the testimony of Coe, and Ludlow's admission to him, and by the book keeper himself; and their utter falsity is demonstrated by Mr. Bishop's testimony, and by a comparison of the tabular statements, especially that of August 24th, with that of August 1st, and also by scrutinizing the loan statement of April, 1857, which we copy in full, and which deceived even Mr. Coe. We must here say, however, that we marvel how that highly intelligent bank officer could be made to believe that $600,000 of the loans had been repaid between the 15th and 22d of April, as is stated at the bottom of the loan report of that date.

Ludlow had provided himself with plenty of loop-holes, such as the "Loans to Individuals," "Deposits by Individuals," "Edwin Ludlow, Cashier," "Edwin Ludlow," "E. Ludlow, Special," "Ezra Ludlow," "Cleveland and Pittsburg Coupon Account," "Cleveland and Pittsburg Stock Account," and others, through which to hide his questionable transactions; and these accounts rarely, if ever, exhibit the truth, and when they do, it is by accident. For months without a dollar of actual cash, his cash balances not being such in truth; a daily borrower of hundreds of thousands between half-past two and three o'clock, and his whole financial existence a great big lie, what could we expect to see, except falsification of accounts, wrong entries, overcharges, omissions and errors, and fraud, malpractices and mistakes of every nature. They arose and grew into magnitude, because the wrong man was placed, at the wrong time, at

the head of the New York office; a man ever yielding to importunities for false steps, and invariably resisting his occasional good impulses. There he was, unwatched, uncontrolled and irresponsible. Unlimited confidence sat purblind at Cincinnati, and unlimited effrontery carried things with a high hand at New York.

Ludlow had, like his predecessors, succeeded in keeping the Home Office in a dependent and begging attitude, and it gave him the master position, as the the home officers felt themselves at fault in their persistent overdrafts on New York. By that string Ludlow ruled, and no examination was ever ventured upon, except such as he asked for; and these, like the one in May, 1856, he so managed as to frighten them, and to give himself carte-blanche thereafter. We insert the report then made by the New York Trustees, in full, as it is a very important document—one that throws light upon the whole subject, to some points of which we shall refer hereafter. How completely Ludlow had charmed the Home Board, is evidenced by the ill-advised letter to Lee & Co., in which Ludlow receives that unfortunate wholesale indorsement.

The latter makes a great show in his letters, as if really anxious to restrain the Home office in its excesses. Much of this was insincere, for after January, 1857, and, in fact, before he had got into such a condition, that he needed a fresh supply of office paper from Cincinnati as much as a mill needs its motive power. Ludlow really did not desire a stoppage of over-banking at Cincinnati; on the contrary, he was interested in its being carried to the highest possible extent—he only wished that the means for it should be drawn from other sources than his office.

The extracts from the money articles of the New York Evening Post which we append to Document C, exhibit, in a striking light, Ludlow's hardships in 1857. Some 18,000 shares of Cleveland and Pittsburgh Railroad Stock, and a milllon of its bonds, seem to have passed through his hands. That stock was about 60 at the beginning of the year, on the Saturday preceding the failure it was drooping at 29¾ and on the 24th of August, the day of the suspension it went down to 14½.

As already intimated, we have no wish to lay the blame for the disastrous failure to any one man, nor to any particular department, nor to any one specific cause, as that would be untrue and unjust. Various causes have combined, the absence of any one of which might, or might not have changed the current of events. The institution was strong only

in its inception, as the charter drew it, and as the public believed it; but in its actual life it was, as already stated, constitutionally weak, and it fell in 1857, because in April, May, June, July and August of that year, it received, through its New York Office, shock after shock to its already infirm condition.

It would be unjust to Mr Ludlow, not to admit that there were peculiar circumstances during 1857 which aggravated the burthen under which he was suffering. The most serious was Bayard's sale of his stock—he being a Trustee of the Company, and having a desk in the office. The sale of that stock through the principal *bear* broker, exposed Ludlow's weak points to his sagacious enemies, for we see it followed by an attack on Cleveland and Pittsburgh bonds; and was a betrayal of the *bull* interest, which at that time was centered in the Trust Company; and its direct, as well as indirect effects were damaging in the highest degree.

Bayard alone of all the Trustees, saw the breakers ahead, and he alone sold his stock. That stock sale threw Ludlow entirely from his balance, as it compelled him to protect Trust Company Stock at a time when he was already weak from his Cleveland and Pittsburgh operations; and from that time on he was but staggering towards the fatal day. His entries in the books, and all his other movements show, that after that he felt the dreaded day as impending; and yet when the Home Board lends the State of Ohio $150,000 in June, and draws for $150,000 more in favor of the Little Miami Railroad, all being matters not entering into Ludlow's previous calculations, he readily accepts the burthens, and bears up against them, as a doomed man does, against the decrees of fate. It drew from him, however, those telegraphic groans about the 27th of June, which astounded the Home Officers. the catastrophe, then already imminent, was averted by borrowing largely on "collections," and by selling London bills, and other adroit operations. It was expected, that the stock market would rally after the first of July, and as the July dividend of the Trust Company Stock was at hand, and as it would bring some $50,000 or $60,000 to Ludlow's means, as well as help the stock he held, the effort was successfully made, to avoid suspension. But the effort cost too much, as it locked up nearly all his available means. The stock market did rally for a few days, but as his whole hope of finally saving himself rested on beating the bears in their time contracts, and on his not selling the Trust Company, and Cleveland and Pittsburgh stock he held, besides being hy-

pothecated with various parties, he exhausted himself more and more from day to day, until he finally succumbed in the week from the 17th to the 22d of August.

The circumstances attending the suspension are detailed in the testimony and other evidence herewith inclosed to which we took the liberty to add the conversations and calculations had between Ludlow, Coe, Stetson and others, at that trying period.

We have afforded to every officer implicated, an opportunity to explain, including Mr. Ludlow. He had intimated a wish to be examined before our Commission, and one of our number hastened to New York two days before the day named by him as the one on which he would depart to Europe; but he was found on board of the steamer ready to leave two days ahead of the time named, and only a cursory conversation was had with him. This was immediately afterwards written down, and forms a part of document D.

In dismissing Mr. Ludlow, we wish to say, that in our strictures we have desired to do him simple justice. We cannot paint him different from what he paints himself, and he stands this moment impenitent, still refusing to listen to the voice of integrity; and his settlement with the company which he injured so deeply, is in harmony with his career. We must be much mistaken if he has not property which he failed to hand over, and which might have made good, in part, the injury he inflicted. We believe that far more rigid and decisive steps should have been taken as to Ludlow, on Friday or Saturday preceding the suspension, or at least on that day; and that all his assets should have been seized and subjected to the strictest account.

We have already indicated wherein, in our opinion, censure attaches to the Cincinnati officers. Their course incited the New York cashiers to malpractices, and if they have gone beyond their teachings, the home officers must blame themselves, for they suggested many of the devices to raise money, which disordered the operations of the New York office. These suggestions had a demoralizing tendency; and a master who points out to a servant acts of doubtful propriety, should be specially on his guard that he does not practice them against him.

There is no very strong evidence that the home officers and trustees were aware of the more serious troubles in New York, nor that they knew of the stock-gambling practiced in that office; but everything points

with unerring significance to the conclusion that they were culpable in not knowing what was continually and rather openly offered to their knowledge in the semi-monthly reports, the "loan accounts," exhibiting on their very face the violations of the instructions given to the cashiers as to the character of the security for the loans.

The report of May 1, 1856, is a hard witness against them, as its perusal should have opened their eyes; for in it they are, in conspicuous letters, informed that the item "deposits by individuals," conceals street loans; and thus falls their plea of ignorance of the true character of this item of the semi-monthly reports. That the latter were garbled, is somewhat in extenuation of their oversight in this particular; but they cannot escape from the fact, that what was reported to them was sufficient to have put them on inquiry. The frequent complaints about errors in the books and accounts of the New York office, were additional incentives to the institution of the most rigid scrutiny. True, Mr. Lyle was sent forward to look into these matters, but Mr. Lyle was also sent home again without accomplishing his mission. That he was not fully supported at home, against the improper conduct of the New York officers, is but too evident from all that took place. We have already given our opinion why they did not institute the proper inspection of that office, and this opinion has been strengthened by manifold evidences. They *did* overuse the funds in the New York office, and imposed upon it all manner of false banking, and they dared not assume a bold and decisive tone towards their cashier. This cowedness continued even after suspension, and has caused losses that should have been avoided.

The Home Board knew that many of their bills were not of such a character as to make them good for re-discount in New York; they knew, too, that that office was overstrained, and yet they never hesitated to put on another and another load. True, they would, upon serious complaint from the New York trustees or the cashier, check up for a month or two, and reduce their balance down to the point demanded, but they ever returned to their previous policy, until distress signals came again from New York.

To say that they suspected, much less knew, the utter rottenness of the agency, would be untrue; but their privity to the Cleveland and Pittsburg Gilbert contract, is incontestibly proved, as well as that they saw the several accounts with that railroad company. The "*Ludlow*" accounts

ought to have awakened their attention, and their previous experience about a London credit should have made them suspicious of it in the highest degree; and the fact that the London house appeared most frequently on the debtor side, should have elicited early inquiries, for on that side of the ledger they had no right to look for the London credit they had authorized, as an indebtedness from London was no part of their understanding of it, or they certainly would, from past experience, have objected to it. They must have observed that the reported cash balances in New York were seldom realities, but really, as the entries right opposite in the statements showed, for months upon months overdrawn, leading necessarily to evil practices on the part of the cashier. Had a thorough inspection been had during 1856, or even in the first two months of 1857, or had the idea which suggested Mr. Lyle's mission to New York been persistently followed up, every creditor would have been paid in full. Whether and how much of the stock would have been saved, is a question we do not feel justified to answer, though we incline to the opinion that on the first of January, 1857, the loss did not much exceed one million of dollars. That the suspension itself cut the deepest into its assets, must be obvious to all. Such failures always render valuless, for a time at least, such assets as the New York office contained. The entire institution was ripe for liquidation as early as January, 1857, and to this point wise officers could have steered her, and saved some of the capital even then; but as the chief officer at New York was dead to the voice of wisdom, he had to undergo the penalties of folly.

It is no part of our duty to examine the doings of the board and the assignees, after the failure, except as it may throw light upon the failure itself—and so far we have looked into it. We could not fail to see the severe agony and honest assiduity with which these officers applied themselves to their disagreeable duties; but the same causes, truth compels us to say, that characterized their acts before the suspension, swayed them after it. There was a fatuity about their proceedings which cast a deleterious influence over every one of their steps, and many of the settlements they made, show that their former relation to the institution, with whose management they were so deeply involved, had a mischievious effect upon their movements; and we instance here the return of the $50,000 circulation borrowed from a Rhode Island bank, the payment of $10,000 to H. A. Johnson after suspension, and the treatment of and settlement

with Ludlow. We append the assignee's statement, a most impotent and unsatisfactory explanation to its creditors and the public generally.

We trust, that we have not, in the preceding pages, judged over-harshly this corporation and its managers. We did not permit the overthrow of the institution, nor the prejudices engendered in consequence of it, to bias our judgment; and we have endeavored to form our opinions from a stand point, previous to, rather than after the fatal event. And while we can hardly hope to have entirely escaped errors of judgment, yet, in reviewing the opinions hereinbefore expressed, we are not conscious of any undue severity. Whether we should, before the suspension, have traced its actual broken condition, we cannot say, but that there was enough in the books and papers about the Cincinnati office to awake suspicion, especially with officers to whom all the accounts were familiar, and who were cognizant of the workings of the office, and to whom names and accounts spoke in plain, unmistakable language, we have no hesitancy to aver. In our opinion, these officers were inexcusably stolid amidst the strongest indications of something being wrong in New York; and for this stolidity, they must be censured, even by their friends; and to this censure, however strong may be our sympathy for them in their misfortunes, and however much we may remember their fidelity to the company, as well as their scrupulous honesty in all pecuniary matters, we must add our own testimony, in which we wish it distinctly understood, we specially include the New York Trustees, upon whom, in spite of their efforts to shift it from their shoulders, must ever rest a severe responsibility, and we doubt not that all who read this report, and the accompanying documents will agree with us in this.

The several documents annexed to this portion of our report will show, that we have not overlooked so much of the inquiries, with which we are charged, as relate to "the transactions between the State of Ohio, or any of its official agents, and the Ohio Life Insurance and Trust Company." That institution has always coveted any and all positions, that brought it into intimate official relations with our State Government, evidently seeking thereby to surround itself with the mantle of being *the* trusted State institution, so as to gain to itself an appearance of permanancy and solidity, which it deemed so desirable to its credit and financial position. Not only the use of the public moneys, but still more the deposits of Ohio banks, and as flowing from both, the manifold side opportunities for other

advantageous and profitable business relations, were the tempting inducements to leave no means unused, which were likely to secure to the bank the several trusts connected with the negotiation and repayment of loans, as well as the payment of the semi-annual interest. Hence the bank always had political proclivities; such as most clearly exhibit themselves in the correspondence of its most influential officers. We felt ourselves restricted in this portion of our inquiries to the official relations of the officers named in the law under which we act, including the acts of the cotemporaneous boards which had charge of the payments for principal and interest on our public debt, to the greater portion of which, we have no further comment to offer, beyond what we say under the special subjects of inquiry laid to our charge, and the data furnisned by the documents themselves, as herewith submitted. Of former transactions, antecedent to 1854–5, the public reports furnish accurate and full details; and our examinations have, as already stated, been mainly directed to matters that have since transpired. During the period, that Mr. A. P. Edgerton was transfer agent, from 1853 to 1856, there was very little official intercourse between the State and its officers and the Trust Company. There were propositions before the then Board of Fund Commissioners looking toward the selection of the Trust Company as a depository; but they were never carried out. The proceedings had by the Fund Commissioners on this subject, form a part of document "C."

On May 1, 1856, after considerable discussion upon the subject, the new fund board, consisting of Messrs. Wright, Baker and Kimball, finally agreed to make the New York office of the Trust Company the depository of the public moneys, and the friends of that same company, S. T. Bull and George S. Coe, respectively transfer agent and registrar of the stocks of the State of Ohio. That impure influences were brought to bear upon at least one of the Fund Commissioners to induce him to accede to the arrangement—influences which Ludlow supposed to extend to a majority of the board, is obvious from the letters of that cashier. The motives for the above arrangement are there fully exhibited, and with them the risk our State must ever run, while it maintains such agencies outside the State limits. It is evident, that State officers do not, and perhaps cannot transact public business in a large commercial city like New York, where they must be strangers to a great extent, with that sound judgment and self-possession which they there need far more than at home.

The labors to be performed and the qualifications required in such agencies are purposely exaggerated, and a feeling of mistrust in themselves, as well as in those with whom they come in contact, must produce a hesitancy in their decisions, which cannot fail to be injurious to the interests of the State. The unsatisfactory feeling that such offices are to a great extent beyond proper home supervision, must naturally arise and add to the embarrassments of the case.

That State officers should, under these circumstances, incline to adopt such an institution as the Trust Company with its home and New York office, and with a character then proverbial for safety, was to have been expected, especially where such an inclination was aided by political affinities. The law-making power had so indicated, and it was accordingly done. We are free to say that this renewed connection of our State finances with the Trust Company was unfortunate to both parties. It led to intimacies between the officers of State and those of the bank, from which both have suffered detriment; and out of which have grown unsettled accounts, and differences which we will now very briefly explain, so far as it is not done under specific heads.

The Trust Company received, as is claimed by the State, and now admitted by the bank, $2,484,000, as the proceeds of the $2,400,000 new loan, and 3½ per cent. premium, and from this sum it paid out, in the redemption of the loan of 1856, on and after the 1st of January, 1857, $2,463,543 49, leaving due to the State, from this transaction, $20,456 51. The accounts of the Trust Company in New York showed, at the time of its failure, $51,750 less than the above $2,484,000, which difference was soon discovered to be an error, if not deserving a worse name, on the part of Ludlow, who had lost $50,000 of State stocks in his kiting operations, as is explained under the appropriate head, between himself and some of his favorite brokers. He had, in his usual reckless way, charged the loss away to the State, but the officers of the Trust Company have since corrected the false entry, and the State accounts now agree with those of the bank upon this subject:

In the spring of 1857, during the month of May, Wm. H. Gibson, then Treasurer of State, overdrew his account for $6,983 68, and soon after (June 13,) the Treasury defalcation became a publicly admitted fact,

leaving the State without the means requisite for the approaching July interest.

To meet this, the Fund Commissioners borrowed $150,000 of the Trust Company, at six per cent. interest. The overdraft of Gibson rests, legally considered, on the same grounds as the temporaryloan; both being made without authority of law, and both being excusable only under the then existing peculiar necessities of the State, though there is certainly less moral obligation to assume Gibson's acts than those of the Fund Commissioners.

The overdraft was made under a special understanding with Gibson whose true character was suspected, if not known by the officers of the Trust Company, and it certainly is a very questionable transaction by both the Treasurer and the Bank, and yet it is undeniable, that the proceeds went into the Treasury in May and June, 1857, as the books of the Treasury show; a circumstance which gives to the claim of the Trust Company some strength which it would not otherwise have.

The transactions connected with the $100,000 of the Seneca County Bank State stocks, are fully set forth in that portion of our report relating to that subject, and we can only add here that here, the great difference exists between the State and the Bank. The State claimed and has charged to the bank the $100,000—which the State Treasurer has paid in redeeming $100,000—of Seneca County Bank circulation, because these State stocks were contrary to the understanding had, and by the fault of the Trust Company hypothecated and diverted from their legal purposes for which they were redeemed from J. S. Atwood & Co. This the bank, however, denies, and asserts that the hypothecation of the bonds for a loan of $90,000 from the Bowery Savings Bank was done with the knowledge and consent of the State officers.

We deem it unnecessary here to repeat the testimony and other facts furnished in other more appropriate parts of this report, or to volunteer our own conclusions in the premises.

The $21,263 52, which were received from Gibson through Ludlow for the repayment of the advance made by the Trust Company to Atwood & Co., including the $3,000—for July 1857 interest on $100,000 bonds we find duly credited to the State among the moneys received towards the payment of the semi-annual State interest July 1, 1857, and it is no doubt, in consequence of their being so credited, that an unexpended balance of

$21,086 07 is now to the credit of the Fund Commissioners on this account on the books of the Trust Company.

In some accounts, which we have seen, both the $21,263 52 as above and the balance of $21,086 07 as just stated, are charged to the Trust Company, which is evidently incorrect.

The $10,000, deposited by the Auditor of State for the Union Bank of Sandusky is another matter entering into the unsettled account between the State and the Trust Company, which is however susceptible of a very easy explanation. There were in December, 1856, $10,000 of 1856 State stocks in the hands of the Auditor of State, in trust for the aforesaid bank. That officer took them to New York for redemption and they are among the stocks redeemed January 1st 1857, and charged to the State. The Auditor left the money on deposit with the Trust Company in New York, checked out $1,000,—which left $9,000,—due when the New York office suspended, and this amount is admitted to be due to the State from this transaction.

It will be recollected that Gibson left with Ludlow, as a part of the arrangements by which the $100,000 of Seneca County Bank State stocks were got out of the hands of Atwood & Co., $64,000 of assets represented by him at the time to be his private property, $22,000 of them were used by Ludlow as collateral to loans made by him of Beebe & Co., and the remainder were reclaimed by Gibson. The $22,000 consisted of a draft of $12,000 from the Seneca County Bank, on their eastern correspondent, and two drafts of $5,000 each, drawn by Kimball & Co., on Atwood & Co., in New York, the latter bearing date June 20, seven days after the defalcation became known. These were found after the Trust Company failed, in the hands of Beebe & Co., and have now, in accordance with legal proceedings had in the Supreme Court of New York, been placed with a Receiver in New York City.

The State claims that the Trust Company is liable for these drafts, as by the act of its cashier they were misapplied and not properly protected, by which drawers and indorsers may have become released. The State insists also and very justly, that these drafts are a part of the public funds misused by Gibson, and that they are not his private property. The Trust Company, as will appear hereafter, puts in a somewhat different plea, substantially admitting the propriety of holding itself liable for any loss the State may suffer in this, so very unfortunate and so glaringly misman-

aged transaction, which may in perfect truth be said both, of the acts of the agents of the State concerned therein and those of the Bank.

There is another transaction with the Trust Company, which, although it has no connection with the unsettled accounts, we will briefly explain. The Champaign County and the Stark County Banks, and the Merchants' Bank of Massillon, had some 1856 State stocks, which they directed the Auditor of State to take to New York in December, 1856, and to exchange them for 1886. The Auditor of State was told that if he could not readily obtain the 86's, to apply to W. H. Gibson, and he accordingly did so, to whom he handed the Trust Company checks for the money realized from the 56's, redeemed and obtained an equal amount of 86's for it. How Gibson came to deal in 86 State stocks, is a pertinent inquiry, which we discuss in another part of the report, and would only here remark, that there were evidently clandestine transactions between Ludlow and Gibson, through brokers, which, if fully explained, would show in part what became of the $32,000 of State stocks so mysteriously lost by the Seneca County Bank.

It will be remembered, that in July, 1856, already Breslin and Gibson are found dealing largely in State stocks, obtained by some as yet unexplained, either legal or illegal process. They had been, and were perhaps then the property of banks, and had been in the State Treasury for the protection of circulating bank notes.

There has been an impression that there is some unsettled balance in this last named matter, between the State and the Trust Company; but we can not see how this can be. The Trust Company gave its check for the amount corresponding to the 56 stock, and we find the amounts charged respectively as paid to Auditor Wright, for cash, of the banks named. These checks Auditor Wright gave to Gibson, and Gibson presented them for payment and they were paid. Who paid the premium to Gibson, and how it was paid, are questions which have nothing to do in the accounts and settlement between the State and the Trust Company.

Resting on these items, the Trust Company makes up as far as we are advised, the following account, being up to January 1, 1859:

DR.

July 1, 1857, for temporary loan to pay semi-annual interest		$150,000 00
January 1, 1858, for interest on this loan, 18 months, 6 per cent		13,500 00
June 1, 1857, for overdraft of W. H. Gibson, Treasurer of State		6,983 68
January 1, 1859, for interest on overdraft, 19 months, 6 per cent		663 38
Exchange, ¾ per cent		1,125 00
		172,272 06

CR.

January 1, 1857, by proceeds of loan of 1886	$2,484,000 00	
Less amount paid for loan of 1856	2,463,543 49	
		20,456 51
By two years' interest on this amount		2,454 77
July 1, by amount received of Bowery Savings Bank, by loan on hypotheticating $100,000 Seneca County Bank Bonds	90,000 00	
Less amount paid to Atwood & Co	61,590 17	
		28,409 83
July 1, by balance due on special deposits made by Auditor of State for Union Bank of Sandusky		9,000 00
By balance due Ohio Fund Commissioners on State interest of July, 1857, which includes $21,263.52 received of Gibson's notes and drafts		21,086 07
By interest on $58,495.90, being total of the three preceding items for 18 months		5,264 55
By balance brought down		85,606 33
		172,272 06

The above statement shows a balance due to the Trust Company of $85,606 33

Against this the State claims that the Trust Company is liable for the whole $100,000 of Seneca County Bank Stocks, or in other words a further credit of $10,000 00

And interest for 18 months	900 00
And a further credit, for the misapplication of a draft from the Seneca County Bank, placed by Gibson with the Trust Company, and now in the hands of a Receiver in New York	12,000 00
And interest for 18 months	1,080 00
And for a further credit for two drafts on Atwood & Co, of $5,000 each, misapplied and placed same as preceding	10,000 00
And interest for 18 months	900 00
	34,880 00

Which amount, deducted, would make the State owe the Trust Company only $50,726 33.

The Trust Company denies the justice and propriety of charging it with those bills. It says, that they are the property of the State, and that they never were placed in its possession as its property, except as collection paper. From inquiries had in New York City, and the statements of Gibson and the officers of the Seneca County Bank, it seems, that the $12,000 draft will be paid to the State if demanded, and we see no reason why, the Trust Company agreeing to save the State harmless, proceedings should not be instituted for the recovery of this draft, and to save the amount from attaching creditors in New York. The same may be said of the Atwood drafts, which are, however, disputed by Mr. Atwood.

There are also at the Bowery Savings Bank some $1,600—the surplus proceeds of the $100,000—of Seneca county State stocks, which were hypothecated by that bank, for the $90,000 loan, after the same had been sold at auction. This money belongs either to the bank or the State, and it is certainly proper to consider, whether under a proper understanding with the bank, the State could recover this amount, and thus, without compromising its position, aid the trustees of the bank in the settlement of its affairs.

This completes, as far as we know, all the matters having a bearing upon the several inquiries, with which we are charged in relation to this institution. There are some complications in the accounts just spoken of; but they might soon be fairly settled, if both parties will meet each other with that candor which is always proper, and which is to be expected, where those making the settlement are not personally interested.

VIII. Nature, Condition and Sufficiency of Bonds deposited by Banks with Auditor and Treasurer of State.

In executing the eighth duty assigned to us, to wit: to inquire into "the nature, condition and sufficiency of the bonds and securities deposited with the Auditor and Treasurer of State," we addressed circulars to each of the independent and free banks in the State, requiring statements under oath, showing the amount of circulating notes issued to them by the proper State officer, and not yet returned to that officer for burning:—also, the amount and description of State bonds which each claimed to be in the possession of the State officers in its behalf. On comparing the statement

thus furnished by the banks, with the books of the Auditor and Treasurer, we have found them to present an absolute agreement in the matter of bonds; and but a very slight variance in reference to circulation, except in the case of the City Bank of Columbus, where the amount of the circulation as reported by the bank is less by $2,653 than as shown by the books of the State Treasurer. The tabular statement hereto appended will exhibit the amount of circulation as shown by the books of the Auditor and Treasurer—the amount as shown by the banks—the total amount of bonds deposited by each bank—and the proportion of said bonds which are other than six per cents. of our own State.

From three of the banks included in the tabular statement, we have not received the information we requested to be furnished from their books. This omission on their part is the less important, in view of the fact that all of them have withdrawn, almost entirely, from business, and that the amount of their notes of circulation still unburned, as shown by the books of the Auditor and Treasurer, has been so far reduced that there remains only a small sum outstanding. Whether these, and one or two other institutions, which, for years past, have substantially abandoned the ostensible purpose for which they were created, have not rightfully forfeited their charters, and whether the public interest would not be promoted by proceedings in nature of quo warranto, is a proposition which we submit as well worthy the consideration of the proper officers.

A full and minute description of the bonds, on deposit with the State Treasurer, for account of each of the stock banks, giving date, number and amount, will be found among the papers appended to this report. The sufficiency of these boards to protect the circulation of the respective banks, if a sudden disaster should require them to be thrown on an unfavorable market, is not to our minds entirely clear. In a few instances only, the security is abundant for all emergencies, and the sacrifice which the holders of the notes of the City Bank of Cincinnati, have been compelled to suffer, in consequence of the bonds deposited by that bank selling for less than the amount for which they had been received by the Treasurer, should not be without its effect in impressing a lesson of greater caution on public officers. Referring specifically, to the City Bank of Columbus, and to the class of securities which that institution has on deposit, it is a question of doubt whether their value, in a depressed money market, would be sufficient to save from depreciation the

amount of circulation which it has outstanding, according to its own showing. But when to this is added the increased liability with which it stands charged by the Treasurer's account of circulation, we do not hesitate to say that additional bonds should be immediately placed on deposit with the Treasurer, or in lieu thereof, notes be forthwith returned and burned, sufficient in amount to make the bonds, already in the hands of the Treasurer, ample to provide against all contingencies.

Among the bonds on deposit with the Treasurer as security for the circulating notes of the Sandusky City Bank (being part of the $51,200 set forth in the tabular statement herewith), is a certificate of "Ohio Canal Stock" for $10,600, which was temporarily issued and delivered to that bank as collateral security for the payment of a loan made to the State in 1846, evidenced by the note of the Canal Fund Commissioners. This loan was repaid more than ten years ago, and the note of the Fund Commissioners returned to them. By forgetfulness, if not by culpable design, the certificate of Canal Stock for $10,600 was not taken up by the Fund Commisioners; and through all the intervening period, the bank has dishonestly obtained and used circulation on a bond which it knew was the property of the State, and not its own. The fact that the bank knew the true character of the bond, is clearly shown by the circumstance that the interest which it purports to bear, has neither been paid, nor demanded, since it was issued. But as other examiners have already called attention to this matter (see Mr. Collins' report to the Governor, in the spring of 1858), we deem it unnecessary to dwell upon it at length. The State Treasurer, since the valueless character of the bond has arrested attention, has withheld from the bank all the interest accruing semi-annually on its bonds in his possession, and this interest, already amounting to $3,258, has (with the concurrence of the bank) been set apart to the purchaser of other bonds to make good, to that extent, the deficiency occasioned by the valueless character of the $10,600 certificate. By continuing this policy, the certificate last referred to, will be replaced by other stocks, and thus the Treasurer expects to perfect the security demanded by law.

The column in the tabular exhibit herewith furnished, which shows that $161,900 of Indiana stocks are in the State Treasury, as a security basis for Ohio bank notes, should attract public attention. It appears that, by an unwise law passed in the spring of 1856, the restriction in the original bank laws, prohibiting any except stocks of Ohio and of the

United States, from being received as a basis for bank circulation, has been removed. To us, it appears a strange anomaly in our jurisprudence, that the State can always amend bank laws in *favor* of banks, but never against them. We feel constrained to raise our voice against this unwholesome and dangerous change in the bank law. Under it, the security for our bank circulation may gradually disappear, and our note-holders find themselves eventually creditors of distant States. The passage of the law was unfair to every bill holder, and no time should be lost in repealing it. Besides the question may well be asked, why pass with a full knowledge of the expiring loan of 1856, and the probability of a new loan being made for its repayment, a law which must open the door to the stocks of other States, and thus deprive ourselves to this extent of a market for our own?

The deposit of the securities of the independent and free banks with two State officers, as formerly required, was wisely abrogated by a law, passed at the last session of the General Assembly, and these securities are now solely in the custody of the State Treasurer. In our judgment, however, no chief of a State department should have the routine of his regular duties interfered with, by making him the servant or agent of banks. The intercourse has already bred mischief, and it should at once be stopped. As matters stand, it may be well enough to assign to this purpose some office in the State House, and to provide for the appointment of a distinct officer, who shall have the charge of the securities; but the connection should be confined, as closely as possible, to the object of the law, and every expense, as well as the entire responsibility involved, should be borne by the banks.

The use of Eastern exchange, as a basis for circulation, we regard as entirely unreliable for the security of note holders, and the interest of the public demands that it shall no longer receive the sanction of law. In our judgment, it is the duty of the General Assembly to add to the State stock security the still better security of certain and prompt redemption. To effect this, let the banks be required to have, instead of a certain per centage of Eastern exchange, a corresponding additional amount in specie.

We hope it will not be transcending the limits of our investigation, if, in conclusion, we add the suggestion, that it may be well if the law-making power of the State, in all its action on banks and the currency, will keep carefully in mind the expiration, in 1866, of all bank charters created

under the law of 1845. This fact, as will at once be seen, may well exert an important influence on the kind of securities which the State should allow to be deposited as a protection to circulation.

Statement showing the amount of circulation of each Independent and Free Bank, as shown by the books of the Banks, and of the Auditor and Treasurer of State; also the amount of Stocks on deposit with the State Treasurer for the credit of each Bank:

Names of Banks.	Circulation as reported by Banks.	Circulation as shown at Columbus.	Total Stocks deposited in State Treasury.	What portion are—	
				Ohio 5 per cents, or Domestics	Indiana 5 per cents.
FREE BANKS.					
Bank of Commerce	$94,784	$94,784	$104,884	$103,000	-------
Bank of Marion	92,925	92,925	96,100	26,000	$26,000
Bank of Delaware	44,703	44,703	44,700	5,000	-------
Bank of the Ohio Valley	None.	None.	15,000	15,000	-------
Champaign County Bank	48,970	48,970	62,770	---------	*30,000
Franklin Bank of Portage Co.	22,220	22,220	23,667	---------	8,500
Forest City Bank	32,303	32,123	34,000	---------	3,000
Iron Bank of Ironton	90,001	90,001	90,000	---------	-------
Merchants' Bank of Massillon	135,987	135,987	141,000	------ ---	50,000
Miami Valley Bank	73,200	73,200	73,200	17,600	---- --
Pickaway County Bank	62,264	62,274	65,117	---------	24,000
Savings' Bank	--------	2,094	5,000	---------	-------
Springfield Bank	100,000	100,000	100,000	40,000	-------
Stark County Bank	53,370	53,355	56,900	------	20,400
Union Bank of Sandusky	--------	1,465	---------	---------	-------
INDEPENDENT BANKS.					
Bank of Geauga	138,007	138,007	139,000	10,000	-------
City Bank of Cleveland	102,636	102,636	105,700	67,000	-------
City Bank of Columbus	52,332	54,985	55,000	50,000	-------
Commercial Bank, Cincinnati	4,331	4,331	5,000	--------	-------
Dayton Bank, Dayton	49,755	49,755	51,855	41,355	-------
Franklin Bank of Zanesville	--------	8,000	8,000	---------	-------
Mahoning County Bank	83,477	83,475	83,500	4,000	-------
Sandusky City Bank	48,978	48,978	51,200	44,800	-------
Western Reserve Bank	150,000	150,000	160,000	---------	-------

* The Indiana Stocks ($30,000) on deposit by the Champaign County Bank, bear only 2½ per cent. interest.

IX. We are directed "to examine into the late sale of Ohio stocks, the real purchasers thereof, and the causes of their depreciation in the market at the time of such sale."

In the discharge of the duty thus enjoined upon us, we looked first for the legal power which authorized the loan in question, and we find it in the act entitled "an act to provide for the payment of the public debt of the State, due January 1, 1857, and for the payment of the interest on the public debt."

Section 1 authorizes the Commissioners of the Sinking Fund "to issue, in accordance with the provisions and conditions of the act of February 4, 1825, creating the State debt, and the several acts amendatory thereto, transferable certificates," etc., "bearing six per cent. interest," redeemable in such periods between 1875 and 1886, as may be deemed best by said Commissioners.

Section 2 limits the amount to be issued to the amount redeemed.

Section 3 provides that the moneys realized from the sale of the above bonds shall be applied to the redemption of the debt due January 1, 1857.

We look in vain in this law for any evidence of that regard for the lessons of the past, and that providence for the future, by which true public economy is distinguished from false. It looks as if the experience of thirty years had gone for nought, for the provisions of an old law, with its tax exemptions and other worn out and unwise clauses, were revived as a whole. The frequently expressed and well understood wish of the people of the State, for a well digested system for the gradual but certain redemption of the public debt, seems to have been totally overlooked, if not purposely disregarded. Governor after Governor, and Auditor after Auditor, had invited the attention of the law making power to the public debt of Ohio; and the duties enjoined by the Constitution of the State upon the General Assembly in this regard; but neither before, nor then, nor since, have the fiscal officers of our State Government had, in their negotiations, the aid of a wise, prudent and well framed law. Laws, like the one before us, passed at the last moment, failed to receive the proper scrutiny.

The insufficiency of the law in this respect, gave to the negotiations for a new loan, or rather, let us say, a renewal of the old, a defective starting point, as it must have made a bad impression upon the class of capitalists to whom the State should, and ultimately must look, for investments

in our securities. They could not fail to see, that under this law, renewals of loans were to be the order of the day; and that the credit of the State was likely to be fluctuating under negotiations drifted into as loans would expire, and which, being unsupported by a stringent precautionary law, were likely to be conducted with undue haste, and under bad auspices.

When a great public duty is neglected, it always bears bitter fruit to the people; and so it did in this case. The eyes of capitalists had watched finances of our State with friendly care. Ohio's securities were favorites in the money circles, because our State had, through the acts of vigilant State officers, secured the reputation of having its entire public debt resting on sound axioms of public policy, backed by regular and persistent efforts at a reduction of our public debt. The above-named law exhibited a halt in this just and wise course, as it revealed, on its very face, a tendency towards a mere renewal of loans—a course dangerous, whether practiced by an individual or a State. A provident husbandman gets his credit cheaper than an improvident one; and a State with well regulated and closely managed fiscal relations will enjoy great advantages in the disposal of its public securities over others. There is no *better* security, in fact *no* security for public debts, except such an administration of public affairs, as fixes upon every movement of the government the character of rigid husbandry, and a wise foresight against eventualities. Borrowing at the last moment, and other forced, improvident measures, must sooner or later produce disorder, and entail loss and disgrace upon the State to the injury also of its creditors.

That the law in question did cast a doubt upon the soundness of our fiscal relations, we have every reason to believe. Evidently, the source of the debt-creating power did not care to fully understand, still less to direct define and limit the executive officers in the exercise of this one of their most important functions. It gave almost unlimited power to the Fund Commissioners, and the loan was thus ushered into the world as the neglected child of legislation,—a neglect that adhered to it all through the negotiation, and from which it has not, to this day, entirely recovered. That we are right in this, we will here state two pregnant facts—first the keeping aloof of actual capitalists from bidding for the whole loan; and second the officious forwardness of the lighter class of stock brokers, in

tendering their services. These two never moved together, and the latter class would never have dared to show their faces, if the causes above specified had not thrown the tempting bait within their circles.

Soon after the passage of the law, the proposed new loan attracted some notice in the money market, but it was soon again lost sight of. A few solitary individuals kept planning all through the summer, and especially did Ludlow of the Trust Company watch it with the most anxious assiduity. The securing of the State Agency was the corner-stone to his designs, and this he strove to, and succeeded in obtaining in May, 1856, as detailed in another part of our report. It gave him the master position, as it made his desk the focus of all movements in its negotiations, and placed him in intimate relations with the Fund Commissioners and the creditors of the State; and this blending of the credit of the State with the reputation of the Trust Company at New York, always to be deprecated, was never more unfortunate than at that moment, for as Ludlow thrust himself and his institution, with its hangers-on in Williams street forward, it lowered our State credit, as it led to the gradual disappearance of solid men as bidders for the whole loan.

The fact that J. H. Baker, then our Secretary of State, whose misfortune it was to be regarded as venal by every one with whom he came in contact in New York, was known to be one of the negotiators of the loan, also had its injurious effects; and the disgraceful scenes attending the payment of the State interest in July 1856, added Gibson to the number of dead weights upon the State's prospects, to obtain fair terms for the proposed loan. These two men were put down in the "list" as corrupt, and it was presumed they would enfoil the Auditor, and whispers went around the counting-rooms of banks and bankers, that the whole State Government of Ohio was controlled by Ludlow; and we find him boasting of it, in his letter to the Home Office. Thus real capitalists were driven from the loan, and sharpers attracted to it.

Sometime in August, the loan was advertised in proper form, and with due publicity; and October 1st was fixed as the day for the opening of the bids.

Meanwhile, Ludlow was laying his plans. In the latter part of August, he induces S. T. Bull to write to Auditor Wright, and to prepare that officer for low bids if let at public bidding, and to put out a feeler for taking the whole loan at 6 per cent. Auditor Wright, as his letter shows, was too wary to go into that trap. The next step was to canvass the amount

likely to be needed of the new stock for Ohio banks; and doubtless, Gibson and Baker furnished the required information. Inquiries were also quietly had, as to the probability of bids from capitalists abroad, and the probable demand from Savings Banks and other Trust Institutions in New York, and other States.

Thus, Johnson and Ludlow being in a position to impart to each other reciprocally their information, gradually occupy the commanding position. Their conversation on the Stock Board, and their hints on the street, prepared the way for a low figure—a tendency pre-existing, for reasons stated, and strengthened by the fact, that the Fund Commissioners adopted the longest time allowed them by law, to wit: 1886, or thirty years, for the final repayment of the new loan.

Thus bids were checked from substantial men at home and abroad. Besides, it was a sort of public secret among moneyed men in New York, that there was to be some foul play in the awarding of the loan, and that Johnson and Ludlow had inside opportunities denied to others. All these matters, to wit: a superficial law, inexperienced negotiators, the procrastination of the General Assembly and the Fund Commissioners in bringing the loan forward, a suspected place to negotiate in, controlled and surrounded as it was by suspected men—these are the causes which deterred real capitalists from coming forward, and which threw the loan into irresponsible hands, and made Ohio State Stock fall from 109, at which figure they stood in January, 1856, to 103½, a difference of 5½, or $132,000 on the $2,400,000. And that was the penalty the State paid for ceasing to occupy that high and strong financial position which was pre-eminently accorded to it among the other States in this Union.

The bids, such as they were, were opened at noon on the day named; but whether at the State office in the Trust Company, and in the presence of the State agent, is a matter of dispute between that officer and the Auditor of State. We do not regard the decision of this point as very material. The bids were, either opened or unopened, taken to the private rooms of the Fund Commissioners, at the Astor House, and there the bids were closely examined, and as differences arose between Wright and Baker, they were settled by calling in Hon. R. C. Schenck, of Dayton, Ohio, whereupon the Fund Commissioners agreed to award the loan to H. A. Johnson & Co. The proceedings had in relation thereto are fully, and we doubt not, fairly detailed by Auditor Wright, in his testimony.

We think that the Fund Commissioners were ill advised, when they were told "that under their advertisement, and the proceedings had, the State was honorably bound to award the loan to the highest bidder, and that this course was dictated by the usage of the money market." No such usage exists; in fact the advertisements say the reverse on their face; and as the law under which they were acting left them another alternative, that of making arrangements directly with the holders of the 1856 certificates, they should have accepted so much of the bids for part of the loan as were at fair rates of premium.

And here we allow ourselves to say that, using the word "due," in the law already spoken of, is an error of fact for the prevalence of which we are at a loss to account. The State debt is never *due*. It is payable only at the pleasure of the State. This is well understood among moneyed men in this country and Europe, and the securities of all sovereigns enjoy this favor. It has existed with the public debt policy ever since its earliest history, and arose, doubtless, from the pride of kings on one side, and the abject servility of the early money-lenders to potentates on the other.

But what could Wright do? It was a foregone conclusion with Baker, his colleague, who had sold himself to Ludlow, and thrown in Wright into the bargain. Baker, with an eye to the main chance, had arranged the land speculation with Wright, spoken of in the latter's testimony, predetermining that Ludlow should supply the money needed. The note of $4,000, signed by Auditor Wright and Baker as principals, grew out of this. This was the bait by which Wright was to have been irretrievably fastened to these men—a snare which Wright seems to have escaped.

The opinions we entertain of Baker, as just stated, may seem harsh, but they are made up by us, by putting together the facts stated in the several documents annexed to our report, and drawing from them such conclusions as to our mind they warrant; and we are corroborated in the opinions entertained of Baker, by all concerned in these transactions, except Mr. Wright, who persists in adhering, though considerably shaken, in his confidence in Baker's integrity.

Baker has left the State, and we were unable to get his testimony; but all indications are, that he was the ready tool for Ludlow and Johnson, and that through his representations, Ludlow and others have been led to believe that Wright was a nose of wax to be moulded by Baker, and that through the latter they controlled both. The note signed by Wright as

first principal, was calculated to increase these suspicions. We are satisfied that Baker received the whole $4,000, and that he alone made the bargain with Ludlow for contingent profits out of the loan, and that Wright was the victim of his doubly unfortunate confidence in Ludlow and Baker. The statement of Ludlow, as given in Judge Stanley Matthews' testimony, manifestly gives to this transaction a very different, and to Wright less favorable aspect, and yet, give to Ludlow's statements even greater weight than they deserve, and it does not necessarily contradict our view of the case.

That our Fund Commissioners were invited to Ludlow's house, for objects connected with the 1886 loan, is indisputably true; but it was not to secure the award, as that had been already made, if not publicly announced; and in our opinion, the real purpose of that visit is capable of an easy solution. H. A. Johnson & Co. had no money to invest in the loan, and they could not have paid down the 10 per cent., or $240,000, as required by the terms of the loan; and to wheedle Wright out of that part of their bargain, was the thing to be accomplished at that evening's entertainment, where it seems no solids, at least not enough to make it a supper, were served up. Ludlow had then, and at all times, a perfect understanding with H. A. Johnson; and to both, the release of the 10 per cent. was all important. Wright granted that, and thus unconscious of the evil lurking in Ludlow's suggestion, "that he would take care of that," he consummated the entire programme of Johnson and Ludlow as agreed upon between them from the first. Relying upon his success in this vital point, Johnson had taken the whole loan, and resold to Ludlow one-quarter of it, $600,000.

Thus, Johnson & Co. had an unfair advantage over other bidders, an advantage which enabled the gentlemen interested to venture to bid, and through which they hoped to carry out all their designs. They contemplated a mere stock jobbing operation in which they expected to secure first the whole loan, and then to resell it to others at a profit. The very moment that the taking of the loan involved an investment or advance of money in their part, they would have been out. Beyond question, the fact that the Trust Company was the depository, and Ludlow its manager, *with its facilities to appear to pay and yet not pay*, was always a part of their plottings, but for obvious reasons it was extremely desirable to get clear of the 10 per cent. advance.

Here was Wright's fatal error, as his firmness then, under a true understanding of the interest of the State, would most likely have compelled Johnson to throw up the loan. As it was, it led to those disgraceful hypothecations of our State stocks between October and January, and which impaired the value of our State securities so seriously. They were pledged as collaterals for loans through several brokers, with a view to hide the real truth; and thus our State stocks were transferred into means to borrow for stock gambling operations. These nefarious transactions were exceedingly numerous, and they assumed all kinds of doubtful shapes, in the process of one of which $50,000 of State stocks have actually been lost.

Ludlow, after he got Wright committed to release the 10 per cent., treated the entire loan as his property, and he used it for all kinds of kiting operations with Williams street brokers. All Ludlow had to do, the Trust Company being the depository, was to issue a receipt for a given sum of money, and to enter it to the credit of the State, which receipt, on being handed to Bull, the Transfer Agent, got the State stocks. Once, if not oftener, Mr. Bull issued $50,000 to R. Schell without even this paper receipt, and to this day no such receipt exists. These $50,000 of stocks were never credited to the State until a day or two after they had been issued, and after money had been borrowed on them. R. Schell, after the Trust Company failed, denied having received them; whereupon, Ludlow, in his usual reckless way, had a counter entry made in the books, and the credit to the State correspondingly reduced. The Trust Company has, as we are informed, expressed a willingness to account for the stocks thus lost, which removes further dispute upon the subject. We fear that the Trust Company will have a long chase after these bonds.

All these illicit movements were much facilitated through the fatal 10 per cent. release. Our cheeks tingle with shame, when we reflect upon the condition of things then existing in the State Office in William Street, New York. Here were $2,400,000 of our good State's securities abandoned to the Hawk and Buzzard of the Stock Market. A false receipt for money most likely never delivered, produced the Stocks from the State Transfer Agent, and no advance being necessary, men dealing in millions, and yet not worth so many pennies, were enabled to finger our State Stocks, to hypothecate them for loans, and to dicker and traffic in them—tarnishing, by

their course, the fair fame of our State, and injuring its creditors. And all this came because a crude law ushered the loan into existence, and an inconsiderate and inexperienced man, with a Judas for a colleague, managed it in quarters to which other false State legislation had driven him, and in which he, and our State with him, was sold and betrayed, amidst the jeers of the very men that despoiled us.

How forcible does the thought rise, that all this would have been different, if *our whole public debt* had in due time been arranged upon some well digested, comprehensive, far-seeing and truly economical system, coupled with specific redemption clauses, in which the State made its own terms at *home*, upon rules of punctilious justice to its creditors, by offering them three alternatives: either, first, new stock having some twenty-five years to run, at a reduced interest, say five per cent., or, second, pay them their old bonds by selling the bonds ourselves; or, third, continue the old bonds at the old rates of interest, at the pleasure of the State. Through such a system, our entire public debt would eventually have been changed into one issue of uniform certificates, with one rate of interest; and thus, instead of sending agents abroad to be tempted to evil, we would deal with our creditors here. Under such a system, the credit of the State would soon regain its former proud position in again reaching 114, as it stood in September, 1855. Our State should occupy the very pinnacle of public credit, and it will do so whenever its constitutional debt-paying policy is carried out in a well framed law.

There is no reason why the State should go beyond the door sills of its own capitol to seek for loans. Why not recognize the all-important fact, that Ohio is, if her Constitution is to be carried out, beyond and above the stock market, that she has ceased to borrow in the true sense of that word, and all that is needed, is to arrange and perfect through home agencies, in a spirit liberal to her creditors and just to our people, the certain winding up of our State debt, in regular and easily determined periods. Ohio can forever hereafter dispense with loan negotiators, if but the General Assembly will place upon the statute books, in a wise and honest law, the terms upon which it will deal with its public creditors.

Mr. Bull's testimony furnishes the names of what may be called the real purchasers of the stock up to January 3, 1857. It exhibits, however, not so much purchasers as lenders upon our State stocks. One thing is certain,

H. A. Johnson & Co. were not the real bona fide purchasers, though they may have been forced to have the stocks issued in their name. Their intention in bidding for loans was, we repeat, to get it into their hands at a low rate, and then to re-sell it at a profit of $50,000 or $60,000 between October and January, at high figures to persons really seeking investments. Duncan, Sherman & Co. were looked to by them as a sort of reserve, and may possibly have had an understanding with Johnson before the bids were opened, though we doubt it.

H. A. Johnson & Co., and the Company includes Ludlow and others, as mentioned in Johnson's statement, did not finally dispose of the entire loan until late in the summer of 1857, and they had to do it as caused by their own mischief under a constantly sinking market. (Gibson's & Thompson's purchases are treated of in a previous part of our report.) Their evil doings had reacted upon them, and thus they cheated themselves out of all their profits. We deem it unnecessary to pursue the stock sales through the books to this date. We believe that these State stocks have by this time, unless some are yet held as collaterals to loans, passed entirely out of the hands of the men who combined in taking the entire loan at the time of such sale. These original bidders assert, that they have lost some $25,000 after all their manœuvres, and we are free to say, that we are heartily glad of it; and we hope that we are right in supposing all the stocks to be out of their hands and control; and that they will in no wise share in the rise now recommencing of our securities, relieved as they are from the blasting incubus of their connection with it. May our State never again fall among strangers, such as these, whose evil practices are likely to be injurious to its fair fame.

A. P. EDGERTON,
CHARLES REEMELIN,
WM. D. MORGAN.

TESTIMONY.

Testimony of Albert A. Bliss, of Elyria, Ohio, taken before the Commission, at Elyria, December 28, 1858.

Albert A. Bliss, after being duly sworn, deposeth and says:

I was Treasurer of the State of Ohio from March, 1847, to the 12th day of January, 1852. I do not remember on what day Mr. Whitehill settled with me, but it was very near the time I entered upon my office. Mr. Whitehill paid me the amount found due by accountants, up to the day I assumed office. If the books of the office, or of any banks, show that some payments were made to me as late as May, 1847, or later, the fact has escaped my recollection. I am certain that Mr. Whitehill paid me in full at the time I entered the office, or very near it. I remember, that there was a small item, about which there was a dispute, and which was left for settlement, and was settled through the Fund Commissioners with the approbation of the General Assembly.

The real estate I purchased of Mr. Whitehill was no part of our settlement.

I continued the same principal clerk, R. Hume, and the balances paid me were those ascertained between him and the proper accounting officer of the State. I commenced a new set of books. Mr. Hume was continued as principal clerk all the time I was in office, and I left him in office with Mr. Breslin.

Mr. Hume had charge of the outer vault, and the daily cash drawer. He had authority to check upon banks where the bulk of the money was kept, as county treasurers deposited with them, and so did also the collectors of tolls. There was an inner vault of which I had charge; but it was little used, as there never was much money at the Treasury at Columbus; and the transactions of the Treasury were chiefly through the daily cash accounts kept by Mr. Hume, and banks.

The cash-books, or rather the memorandum of cash dealings, kept at the Treasury, exhibit only the amount of money in Mr. Hume's hands, and kept in the outer vault—such as entered into the daily cash transactions of the office. They do not show the entire condition of the Treasury; to ascertain which, it was necessary to make up the books in full, and this, in consequence of the scantiness of clerical force, was not done oftener than once a year. The books of the Auditor's and Treasurer's offices were compared once a year, but an actual count of the money, and an account of stock and inventory, was next to an impossibility, as under the nature of the whole business of the office, and the manner of doing it, both at the Treasury and the Auditor's office, the exact balances up to any one day, never were ascertained on that day, and then compared with the amount of cash on hand. I kept in my own mind, as far as I could, what ought to be in the Treasury and at banks. I did not keep regular books of my own personal transactions.

I intended, and believe I did keep my own private funds and dealings separate from the Treasury. Such was at least my purpose; but towards the close of my term of office, it probably did occur that the two were more or less mingled together. In this respect, and in no other, supposing the balances in the Treasury were very different from what they proved to be, I used means that I should otherwise have placed in the Treasury.

The money for the purchases of real estate made by me in Columbus was from my own private funds, and this includes every part of it, both that from Mr. Whitehill, Galloway, and others.

I cannot now remember how and where I got the money for the $25,000 of stock I held in the Summit County Bank at Cuyahoga Falls. I look upon it as a transaction entirely separate from the State Treasury, and do not think it is a matter into which this Commission has any right to inquire. I did not use, for that or any other purpose, any public money, as I considered it; that is, any public money charged against me on the books of the State. The transaction never, neither in its inception, nor subsequently, had any connection with the funds of the Treasury, at least so far as the ownership of the money involved was concerned. I may have remitted a check from the Treasury, or through Mr. Sill, but I do not recollect such a fact; and if I did, it was because I had money of my own, and used the Treasury check as a mere conve-

nience. The original Branch Bank at Cuyahoga Falls failed, and was held at the Board of Control, subject for any parties to take up the charter. I was spoken to by some persons, and perhaps by Mr. Sill, about subscribing some stock, as it was about to be resuscitated, and was believed to be a good investment. In the steps for this purpose, I took no part, and do not remember speaking about it to Judge Gustavus Swan, then President of the Board of Control. I do not remember when, where, and to whom I paid the money.

I do not remember how I remitted the money for the stock I held in the City Bank of Cincinnati. It may be possible that I gave a check on the account of "A. A. Bliss, Tr.," and signed my name as Treasurer. The amount of stock I held was $30,000. I do not remember in whose name it stood on the books. If I did give a check for the stock, it was because I placed the money in the Treasury at Columbus, and gave the check as a matter of convenience. I never made an arrangement, of any nature or description, by which my check was to have been carried forward in the balances, or to be again credited to me, and again charged to me; nor did I ever afterwards again regard it, or treat it, as money in the Treasury. I took the stock at the solicitation of J. P. Reznor, the President of the Bank, who agreed with me to take the stock from me at any time I wanted him to do so. He did take the stock of me in the fall of 1851, before I went out of the Treasury. He paid me in cash, and I placed part of it in the Treasury, and in my settlement with Breslin, to whom I transferred the balance (some $8,000) due me from the City Bank, it is possible that the balance was in part proceeds of the dividend due me on that stock.

I first ascertained the likelihood of my being unable to meet the balances due from me about the time I made up my annual reports. I had no suspicion of it until sometime in the fall. From what I could decide in my own mind, and from memorandums, and my private investments, as well as the money in the Treasury, I was confident that I ought to have money enough to pay every dollar that might be found due from me. I claimed, that the default was occasioned by wrong entries in the books, or by the loss of cash, in some way unknown to me. I had no idea of the amount I would be in default at first, but it looked to me at one time as if it would be $200,000; but on examination, it was brought down to $65,000. I had not a definite idea of how much I should be in

default at first. It seemed to be a larger amount than it was, but on examination, it was brought down so that I could pay all but $65,000. Not expecting a default, I had not realized my investments; but as soon as I ascertained it, I took immediate steps to turn everything I could into cash. All the money due me from W. E. Chittenden, on Wall Street, in New York, and which was good at the time, I transferred to Breslin. It was some $45,000. I am certain it was less than $50,000. I gave Breslin a sight draft for it, or possibly it was a certificate of deposit; but whatever it was, was payable on demand, and as far as I knew, the money was ready to be paid. Mr. Chittenden remained solvent for a year afterwards. My account with Chittenden, was a regular deposit account, and was, so far as I remember, kept on my deposit books, like every other deposit account. There was no injunction from me to Breslin, not to put that account upon his books; and if not on his books, I do not know the reason for the concealment. I was not engaged with Chittenden in any real estate investments, nor was I a partner, or in any manner interested in his bank in New York, or any banks he was interested in. In the fall of 1852, after I had settled with Breslin, and being at the time in New York, Mr. Chittenden requested me to examine a proposition about a land company in Chicago, which had been presented to him, and on which he was asked to advance some money. He wished me to examine into the matter thoroughly at Chicago, and if I deemed it a good thing, he would accede to the proposition, which involved an advance of some $50,000. He said, also, that I might have a part of his interest. I did examine it, and reported favorable. The purchase embraced some 600 acres of land in the immediate vicinity of Chicago.

It took about $200,000 to make the entire purchase. After the purchase was made a stock company was organized, and the entire capital stock was between $1,900,000 and $2,000,000. I paid on my investment in the fall of 1853, and along through several years, in the aggregate, some $6,000 or $7,000. $75,000 of stock was assigned to me. In August, 1853, and not till that time, did I know that I should have any interest in the company. I got one-fourth of Chittenden's interest. I do not know, nor have I any idea, that Breslin was interested in this matter, either through Chittenden or otherwise. I do not know that he has any interest in it now, nor do I know what became of Chittenden's interest. I heard it was transferred to secure his endorsers.

I had no interest, directly or indirectly, with Chittenden's investments in the Illinois and Wisconsin Railroad, nor have I any interest of any nature now in this railroad. The notes of $5,000 on J. Hiatt Smith, and $5,000 on W. B. Hotchkiss, which I turned over to my bail, to secure them for assuming to pay Breslin the $65,000, were a loan to me from Chittenden. I never paid over to Breslin any note on J. Hiatt Smith, nor any note on anybody else. I was not engaged with J. Hiatt Smith, nor Mr. Hotchkiss, in any business, speculation or investment of any kind whatsoever.

I know nothing of the final settlement between Chittenden and Breslin. All the money due me from Chittenden was transferred to Breslin, and I have not had since with Chittenden, except as stated, any dealings or business connection. I made no settlement with Chittenden, when I visited him this summer, nor had my visit any reference to any matter pending between him and me, or him and Breslin. It was merely a visit to an old friend. Mr. Chittenden lives at the town of Niagara, in Canada. I did not converse with him about his connection with Breslin, or his settlement with him. Our conversation about Breslin was general. I first got acquainted with Chittenden in New York some 25 years ago. He was clerk in a bank at Auburn. I lost sight of him, and again saw him at Columbus, where he came as Cashier of the Seneca County Bank, about the time of its organization. I had nothing to do with his appointment to that post. I presume he asked me to use his bank as a public depository, which I did. I did not assist him in the procurement of State stocks for circulation, nor never permitted him, nor any other person, to get circulating notes before the stocks required by law were deposited. I never knew, nor do I now know, that the Seneca County Bank got circulating notes before making such deposit; nor have I the least idea that the books show any such fact. Nothing of the kind was ever done by my consent; nor have I the least suspicion, that any such transaction was done by any officer at the Treasury. I do know the fact, that no man was ever permitted to have circulating notes without the requisite deposit; and I do not see how such thing could be done at the office without early detection. I feel positively certain, that when I left the office, the stock and circulation accounts, and the stocks and circulating notes themselves, were perfect and correct, and in strict accordance with

law; and I know of no discrepancy then existing of any kind whatsoever.

After Breslin went into office, I recollect, there was a bond for some $7,000 in the bundle for the Seneca County Bank. It was a bond that had matured previous to that time. I think the bank had placed other State stocks in lieu of it, or perhaps returned circulation for it. The form of cancelling it, had been neglected; the bank had had credit for the amount of the bond, and I had not, as Treasurer, any credit for it; and my books being closed, I presumed it could not be entered in my books, I therefore handed it to Breslin as cash, and I do not know what became of it.

I never had, nor have I now, any interest in any railroad, neither here nor in Wisconsin, nor anywhere else. I did not transfer to Breslin any indebtedness due to me personally, or as Treasurer of State, from any railroad company; nor did I assign or hand over to Breslin, any claim, either in bond or otherwise, representing an indebtedness from a railroad company, for a loan of public money, either as part of my settlement with Mr. Breslin, or in any other manner.

At the time John G. Breslin became my successor, and just as soon as the books could be adjusted, and the balances ascertained, I paid over to him the amount found due, excepting only the $65,000 frequently spoken of. I paid him in all some two hundred and thirty odd thousand dollars, as far as I remember. I paid this in cash, all the money about the Treasury, and gave him checks and certificates on the balances due to me as Treasurer of State from banks; also, the balance with Chittenden in New York. I do not remember the items, nor the dates. There were temporary memorandums or pass books kept between Breslin and myself, which would, if found, show specifically the payments. I have mislaid mine, and do not know where Breslin's is. There were no receipts taken for the several payments, until the final settlement, when a general receipt was given. That receipt, in the handwriting of Breslin, is now shown to you. The whole amount, including the $65,000, paid by me to him, was a little over $300,000, and the certificates issued to County Treasurers; and since that time I have had no business transaction with Breslin except as it grew out of the payment of the $65,000, through my sureties, and Bartlit & Smith. Mr. Breslin has never intimated to me, nor made any demand or pretension, as if that settlement was not con-

clusive between us; nor have I ever been asked by him to pay him anything further. At our interview, in August last, in Hamilton, Canada, Breslin made no claim of that kind, nor at any other time, either by letter or word; nor has he alleged any error in our accounts, which formed a basis of our settlement. I know of no item properly chargeable to me, that was omitted to be taken into account in our settlement; nor do I know of any such item, which could, by any pretence, be charged to me,—nor was anything credited to me in that settlement which should not have been, and which is not a perfectly proper credit to me. As to the payment of the interest on the State debt in January, 1852, I can only say, that every draft from the Auditor's office was paid, and nothing was handed over to the Fund Commissioners applicable to the payment of State interest, or the principal of the State debt, except what was payable on sight, and was paid, as far as I ever heard. I am certain that no time drafts were handed by me to the Fund Commissioners, for the payment of principal or interest in January, 1852. I have no recollection, that any money was borrowed with which to pay the interest in January, 1852, or the principal then due; nor have I any idea of any deficiency in this particular. Mr. Sill never stated to me, by letter or otherwise, any such deficiency, nor have I ever asked him to assist me in making up my settlement with Breslin. I may have written to Sill in November, 1851, and expressed fears, that I would not be able to pay over all moneys found due from me to the State; and I asked him to assist me in ferreting out the errors which I supposed existed He did make an examination of his own books, and told me he could find nothing. If a part of the State interest due in January, 1852, amounting to $152,000, more or less, was paid by John G. Breslin, out of the Treasury, or by E. N. Sill, out of funds obtained, after I left the office, it was done without my knowledge, and I never heard of it before. I am positive that everything credited to me on the books was paid by me, and this includes the State interest paid on the day named.

I have received no letter from Breslin since our settlement, except the one to Niagara requesting me to come to Hamilton, and perhaps some letters from Columbus. They contain nothing of any consequence.

I went to Columbus in June, 1857, a day or so after the defalcation was made public. I saw Breslin once then, perhaps five or ten minutes. I was sick at the time, and in bed. He did not call on my invitation.

He conversed about the defalcation in general terms, but made no statements implicating any one in particular, and saying that I need not give myself any uneasiness about it, as I was not involved in it. He said this voluntarily. He came in the middle of the day, and there was nothing about his visit indicating it to be anything but a friendly call. He did not intimate to me that he intended leaving the State. He did not mention any special cause for the defalcation, nor how, where, and through whom, he had lost the money. I went to Columbus of my own accord. I did not see Gibson. I called on Bartlit & Smith, among others. They did not give me any information about the defalcation. I went to Columbus frequently, and at that time the defalcation was the chief point of my visit. I felt an interest in Breslin, and I wanted to know all about the matter, but I had no particular anxiety about myself, for I did not suppose myself involved in the matter.

I have settled in full with Bartlit & Smith. They owe nothing to me, nor I to them. They hold no property of any kind for me, nor have I any interest in, or claim upon, any property they hold. I am not now, nor was I ever, interested with them in any bank, or any other monetary institution. I got acquainted with B. E. Smith in Columbus. They had no banking business while I was Treasurer. There was no private understanding between myself and Bartlit & Smith as to the settlement with Breslin. I suppose they bought the property simply as a speculation. I do not know of the relation existing between them and Breslin, nor have I any knowledge, or suspicion that the property conveyed by me to Bartlit & Smith, is really now Breslin's property, either in whole or part.

I know nothing whatever of the $10,600 State Stocks, now, as you say, found in the State Treasury with the stocks of the Sandusky City Bank, and which should have been lifted, when a loan made of that bank by the State was repaid. I have not the slightest recollection of paying Mr. Wetherell any money, or the re-payment of the loan in question. I do not remember the original loan, nor anything about it. It was not a transaction with which I had anything to do, except as advisory Fund Commissioner; and I want to say, once for all, that in the transactions of the Fund Commissioner's office, E. N. Sill being the acting Commissioner, and I being Treasurer, I regarded myself as mere

advisory Commissioner, and did not charge my mind as fully with the transactions as I would do with my own as Treasurer.

I have to make the same reply as to any similar transactions with the Canal Bank of Cleveland.

I have not seen Mr. Sill for a twelvemonth, but have met him frequently within the last three or four years. I do not owe him anything, nor do I know that he owes me. There have been no transactions of any nature between Sill and myself since I left office. I had nothing to do with the closing of his accounts when he left office; nor do I know whether or how he settled with Breslin, or any other State officer. I was not consulted, nor did I, in any manner, interfere in the legislation affecting the transfer of the books, papers and assets of the old Canal Fund Commissioners, to the Fund Commissioners under the new Constitution. I do not know how the obligations of the Cincinnati, Hamilton & Dayton Railroad for $110,000, and those of the Cleveland and Pittsburgh Railroad for $100,000, and those of the Akron Railroad for $40,000, were handed over to Breslin, or the new Fund Commissioners, and whether they were handed over to him as cash, and charged to him. I have heard nothing upon this subject, either from Breslin or Sill, nor any other persons, except the general fact that they were handed over.

I do not know for how much Chittenden failed, nor how much, if anything, Breslin lost by him; nor do I know what were the business relations between Breslin and Chittenden, after my account was transferred to him.

I decline to answer, whether I ever received any interest from banks, either on running account, or for certificates of deposit. I believe I did inform my bail, that the City Bank of Columbus should pay me something, having had deposits so long and so largely. I presume I got certificates of deposit from the City Bank of Columbus, the Clinton Bank, and other banks, but I decline to answer whether I received any interest on these deposits. There was no understanding between me and Moodie that in consideration of his aiding me to get my bail in Columbus, his bank was to be my depository.

I did not take the stock in the City Bank of Cincinnati, as a mere cover to my getting interest under the name of dividend. I took the stock in good faith. I cannot remember why the stock was not put down in my own name. Sylvester Bagg was a lawyer in Elyria, and lives in

Waterloo, Iowa, and it is likely he was one of my bail for my first term. Joseph E. Beebe lives in Jackson; Michigan, and is my brother-in-law. I presume I informed these persons of the fact that the stock was standing in their name. I do not now, nor have I ever held any stock in any other bank, except those named, and about $4,000 in the City Bank of Columbus, and $4,500 in the Lorain Bank, both of which were transferred to Bartlit & Smith.

I was not worth a great deal of money when I went to Columbus. I was a practicing attorney in Elyria. I own no property outside of Elyria, nor does any person hold any real estate or other property, in trust or otherwise, for me, except some personal property—nominal, some $30,000; but really worth but $6,000 or $8,000; and which is hypothecated for an actual liability. And I wish to state further, that the house and lot in Columbus sold Bartlit & Smith, belonged to Mrs. Bliss, and I transferred about that time some other property in part payment to her; but all the property I have, including what belongs to her, is much less than what I have acquired since I left the Treasury office.

I have no recollection of anything standing against me, on the general ledger of the City Bank of Cincinnati, in January, 1852, nor of any such balance being charged to Breslin; nor do I know why two accounts were kept for me in that bank—one in the general ledger, and one in the individual ledger; in fact, I do not know that it was so.

I know nothing of Judge Bowen's dealings with John G. Breslin. I know him, but have had no dealings with him of any kind whatever.

The bank stock I held in the City Bank of Columbus, was paid for by me, and it was not an allowance of interest, nor other considerations for deposits.

I decline to answer, whether I received any interest on money deposited with Chittenden. I had no interest in any bank of which W. E. Chittenden was cashier, manager or owner.

I never lent any money to J. P. Reznor, nor to Mr. Camp, of Sandusky City, nor to Mr. Sherman or Mr. Gardiner. I never, while Treasurer lent any money to any person, except small amounts out of my own means. I sold to Mr. Hilliard, of Columbus, my house and lot, and took for it $12,000 of Columbus and Piqua Railroad Bonds, guaranteed by Mr. Hilliard, and secured my mortgage. When the railroad failed to pay interest, I had pledged $3,000 of the bonds, and the rest, with the

ere transferred to Bartlit & Smith, who took the bonds of
now have the house and lot.
yance of real estate in Columbus to W. E. Chittenden, was
conveyance for, I think, $13,000, which I had borrowed of
which about $3,000 had been paid.
t given me by Breslin, included every certificate and every
aim against me as Treasurer, whether regularly upon the
.
0 which I have spoken of to you and others as being due
State, are for canal checks paid at the Treasury, but for
ecks have been lost. The money was paid through the
nk of Zanesville.
no other facts, having, or likely to have any bearing upon
veral matters with the investigation of which this commis-
charged, except as I have already stated and explained them.
o investments by Breslin, either from public or private funds,
you already; nor have I any knowledge whatever of the
l means of W. H. Gibson; nor do I know how the overissue
a county Bank occurred. I am positive that it did not occur
of mine, nor any connivance at the State Treasury, while I
rer of State. I say, most emphatically, that I have freely
answered every question put to me, with one exception;
not concealed anything, nor stated anything in such manner
d you; and I again repeat, I have, either myself, or through
mith, paid every farthing properly due from me to the State,
defalcation existed when I left the office, except the $65,000
often spoken of.
a copy of the receipt given to me by Breslin, copied by your-
mpared carefully with the original:

TREASURY OFFICE, OHIO,
Columbus, Oct. 20, '52.

s not aware, that there is in the books kept by me as Treasurer, n account as a "Suspense Account," and as you say, in the riting of Levi G. Burnell, a book keeper employed by me at the f my term; nor can I explain, why such an account is there, nor contains. Mr. Levi G. Burnell lives at Milwaukie, and he no can explain it. I cannot conjecture even the object of the t.

outstanding certificates issued by me to county Treasurers for paid in the fall and winter of 1851, under the 20th December and which, as before stated, I paid in addition to the $300,000, to , were accounted for by me to Breslin, part by my transferring to draft or drafts of the Auditor of State on the Treasurer of State Fund Commissioners, which I had paid. I do not remember the t. The money I got from the county treasurers was forwarded York for the payment of interest, as intended by the law, and to that purpose by the Fund Commissioners. I cannot remem- ether all the money thus got from the county treasurers was sent to New York. The books would show how much was paid to d Commissioners. These remittances for the interest and prin- r on account of the sinking fund, were all made to the New York of the Ohio Life Insurance and Trust Company, some of it perhaps through Chittenden.

e heard, that after I turned over to Bartlit & Smith property fully o pay the balance remaining on the $65,000, and for which & Smith were to pay the full balance, that my securities were to deduct, from a mortgage due on some property turned over, of $2,000. I do not regard this as having been paid for me, they were bound, as my bail, to pay it; but from some induce- etween them and Bartlit & Smith, they made the deduction with- sulting me.

A. A. BLISS.

al testimony of Albert A. Bliss, taken at Columbus, January 10, 1859.

appears upon the books of the Treasurer of State, during my office, that no bonds were deposited by the Seneca County Bank,

21	1,400	Undivided one third of above 20¼ acres (this deed states it to lie
'48; deed made Feb. 6, '49 1850.	5,000	Lot No. 325, city of Columbus (house Bliss lived in)
26	1,200	Part of outlots Nos. 62 and 63, being in Ridgway's sub-division I
	1,500	Undivided one-third of inlots 298, 299, 300, on High street, Colu
	250	Lot No. 340 and north half of 341
1851.	2,000	Undivided one-third of lots 298, 299, 300
1852.	100	Quit claim to lots 298, 299, 300
deed. February 23 1851.	1,866	Part of outlots Nos. 62 and 63, being lot 11 in Ridgway's sub-divi
10. 1852.	3,000	Part of one-half section 14, T. R. 22—11¼ acres; also, part one-ha
21 1853.	1	Lot No. 3, Ridgway's sub-division; also, lots 298 and 299; also,
	5,000	Lot 325, A. A. Bliss' residence
	10,000	20¼ acres, above spoken of
	100	20¼ acres; also, lot 325, Bliss' residence
1854	13,000	Lots Nos. 11 and 3, and in lots 298, 299
22	1,000	20¼ acres, above spoken of; also, house and lot in Elyria

veyances of Real Estate made by A. A. Bliss, late Treasurer of

Date.	Consid-eration.	What Conveyed:
848.		
850.	$1,250	Lots 7, 8, 9, 13, 14, 15, 16, 20, 21, 22; also, sub-division of outlots 31, 47, 4
	400	Lot 299, in Columbus
	1,850	Lots Nos. 340 and 341, 19 feet on High street, Columbus
852.	10,700	20¼ acres, already spoken of
	10	Lots Nos. 11, 3, and in lots 298, 299; and house and lot in Elyria
	3,000	The 37 acres deeded by Whitehill to him
52	1,200	Lot No. 11, and in lots 298, 390; and house and lot in Elyria
3	10,000	20¼ acres, above spoken of, subject to mortgage of $7,925 to B. E. Smith, an
	1,200	No. 325, corner of High street and Elm alley

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Additi

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urer, I ... the issue of circulation to

the banks, or that no account of such deposits was kept, it is entirely unknown to me; and I wish to state, in the most positive terms, that by no act, permission, or consent of mine, was a dollar ever delivered to a bank for circulation unless the bonds were deposited in the office. If such a thing was done, I was in nowise a party to it, and it was without my knowledge or consent. Mr. Hume had the charge of that particular branch of the business of the office, and kept the books. I had entire confidence in his integrity, and have yet, and cannot believe that any such transactions as referred to, could have existed by any arrangement with him. I know, that in every instance, I required the deposit of bonds. I do not think it possible that any charge of bonds deposited by one bank could be in any manner made to another bank, so that the same bonds could be used as a basis of circulation, at the same time, for two banks.

I never, while Treasurer, purchased any bonds for the Seneca County Bank, or any other bank. I never had any interest in that bank, as a stockholder or otherwise. The same was my position in relation to the Canal Bank of Cleveland.

The first intimation I had of any deficiency in the funds of the Treasury, was, as I have previously stated, in November, 1851, at the time of making up the annual statement. As to the particular manner in which the deficiency was then discovered, I cannot state. I first entertained the suspicion, and without any communication from the book keeper or clerk.

It was by ascertaining the amount of funds actually in the Treasury or in banks on deposit, and the balances that should be in the Treasury, or with which it was chargeable on the books, that the deficiency was disclosed. I presume the books at that time would show the amount on deposit with the banks, which, with the actual cash on hand, counted, deducted from the amount charged against me, would show the deficiency. The actual deficiency at the time referred to, was, as near as I could calculate it, between $80,000 and $90,000, but was reduced to $65,000 by money I paid into the Treasury from other sources than the Treasury—that is, from my private funds.

I am not certain that I said anything to Mr. Breslin about the deficiency before my term of office expired. About that time I mentioned it

to him. I told him I thought it to be an error in the accounts which subsequent investigations would disclose. He consented to the examination, and agreed to withhold any demand until it should be concluded. I employed Mr. Burnell to write up and re examine all the books, but the result was not materially different from that stated, that there was an actual deficiency of $65,000 which I would be forced to make up. I had nothing to do with his labors, or with his manner of making up the accounts, it being all left entirely to him. The books shown to me are the books of the Treasury at the time. The account in the bank ledger, of "suspense account," with a debit of $325,320 97, I know nothing of, and cannot explain, but am confident, that in no way can it affect any balance or amount due from me at the time of my settlement with Mr. Breslin, neither do I think it has any connection with it.

In my settlement with Mr Breslin, the accounts were made up, showing the balances in my hands on the 12th January, 1852, and I accounted to him for, and paid over to him those balances. These balances, and the amount of the certificates which I had issued to County Treasurers for deposits by them in advance of settlement, constituted my debits to the Treasury, or to my successor. I sought, and I supposed I had obtained credit on the Auditor's books for all payments made by me from the Treasury, from the 15th of November to the 12th January, the time of settlement, to all of which credits Mr. Breslin was entitled with the Auditor of State at the end of the fiscal year ending November 15, 1852. I do not remember of paying or transferring to Breslin any Auditor's drafts, or other evidences of payments I had made from the Treasury, for which he was to obtain credit with the Auditor, and which was counted to him as cash. I had, therefore, nothing to pay to Mr. Breslin, in discharge of my indebtedness to the Treasury but money, and that I paid to him, by sundry drafts upon banks which had been my depositories; and the balance in actual cash, less the amount of the ascertained deficiency of $65,000. The statement or acount of moneys received from me January 12 and 13, 1852, in Mr. Breslin's cash memorandum book, now exhibited to me, and in his handwriting, amounting to $201,478 32, I know nothing of, never having seen it before. That statement is correct, I presume, as far as it goes, but it is not a full statement of all I paid him. I have no reason to doubt its entire correctness, as to the amounts there stated, and it was probably intended to embrace

only such sums as paid just at that time. The subsequent payments to the full amount due, were made at times I cannot now state, and may not have been made during the period embraced by the book shown, to wit: from January 12, to February 28, 1852; but there is no doubt about the fact of the full payment to him, of the entire amount shown to be due from me to the State, during the winter and spring of 1852, with the exception of the $65,000. This I know. There was never any question about it. He never claimed or intimated to me, that there was any mistake or error in our settlement, or that he had not received every dollar due from me as stated. I cannot state positively, whether or not I gave him any Auditor's drafts. My impression is that I did not. If he did receive any, he was entitled to credit for the amount with the Auditor. Among the checks and drafts paid Breslin as cash, was one upon W. E. Chittenden, New York, for between forty and fifty thousand dollars. This was available to Breslin as cash. Chittenden continued in business until April, 1853; and if Breslin sustained any loss, it was through his own conduct in the matter. He never said anything to me on the subject, and I was never aware of his losing any part of it. He said nothing to me on the subject, when I last saw him in Canada during the past summer.

I know nothing of Mr. Breslin's transactions after he went into office, except as stated. I had no dealings with him—know nothing of his loans or investments of any nature. I do not know whether in fact Breslin received payment in full for the $65,000. I know I paid it, and have never heard it stated, by either Breslin, or Bartlit & Smith, or others, that he had not received payment in full.

Having never permitted any bank to receive circulation without the previous deposit of stocks, I can state positively, that no overissue could have occurred, during my term of office, in the Seneca County Bank, or any other.

It frequently happened, that bank notes in packages would be sent to the Treasurer, by express, or otherwise, to be burned; but no officer or person, for the bank, would be present, to witness the burning, as provided by law; and hence it was delayed until frequently large amounts would accumulate in the vaults of the Treasury. The officers of the bank were written to, to send some person, legally authorized to witness the burning, but neglected to attend, and some currency not burned un-

doubtedly remained in the vaults at the expiration of my term of office, but only for the reason assigned. In no instance was ever a dollar of such currency paid out, or used in any manner, except for the legal purpose of destruction by burning.

Breslin's receipt to me was written by him, and was intended to cover the whole amount of every thing due from me to the State, or him as Treasurer, and supposed at the time, by both of us, to embrace every amount and transaction in full.

I possess no knowledge of the present defalcation in the Treasury, as to how it originated, or by whose action; neither do I know in whose hands or control any portion of the moneys abstracted, now are, or have been. I know of nothing, not herein stated, that would tend to discover how this defalcation occurred, nor by whose instrumentality. I have concealed nothing as regards my connection with the Treasury, or the connection of others, known to me, that could, if stated, aid this Commission in discovering the defalcation, or the parties connected with it.

A. A BLISS.

CLEVELAND, O., Sept. 3, 1858.

Messrs. Morgan, Reemelin and Edgerton:

GENTLEMEN—I sent you yesterday a dispatch from Elyria (directed to Charles Reemelin, Esq), inquiring when you would wish me to meet you in Columbus. I have received no reply, and I now write you by mail.

I desire to go to New York next week, having engaged to do so with my brother, whom I expect here to-morrow from Wisconsin; and would, therefore, prefer to delay the whole matter till I return.

And further; without intending to impeach the motives of any one, you will permit me to say, that were you in my place, you would look upon this examination, as far as it relates to my official transactions, as *sheer persecution*. Having been followed for years with misfortune, such as but few in a life-time experience, and having succeeded in paying to the State the uttermost farthing of my indebtedness, it would seem that I might be permitted to rest. Looking at it from this point of view, I think it not unreasonable to ask, that such interrogatories as you may see fit to frame, should be *in writing*, that I may act upon them when furnished me, as seems at the time proper and right.

In a matter like this, of so much consequence to me, the examination should not be conducted in such a way as to leave a doubt as to whether the answers to questions, *as recorded*, are the answers *actually given*. Such doubts may arise, and, with honest intentions, answers may be so worded as not to convey the true idea of the witness, unless the examination is proceeded with in the way I propose. I therefore ask that you frame such interrogatories as you desire me to answer; and when received, I will consider and act upon them. I hope you will not consider this request unreasonable or improper.

Be kind enough to reply to this, as I do not wish to go either to Columbus or New York till I hear from you.

Yours &c.,

A. A BLISS.

P. S. Oct. 5.—The above was written to send, but I concluded to await an answer to my dispatch. Not hearing from you, on the 7th of September I went to New York, and since my return, such reports have come to me as to the actions and feelings of the committee, as to render it more than ever important that I should have the interrogatories before me. I must have the *time* necessary for the purpose, and therefore I trust you will willingly comply with my request.

Yours, &c.

A. A. BLISS.

ELYRIA, Sept. 30, '58.

Chas. Reemelin, Esq.:

DEAR SIR: I have just returned home, and find your letter of the 17th. I can only say now, as I do by the first mail, that I will write you again more fully in three or four days.

Yours truly,

A. A. BLISS.

ELYRIA, Oct. 5, '58.

To Hon. Chas. Reemelin:

DEAR SIR: Enclosed I forward to you a letter embodying my idea, to some extent, as to the manner I desire the examination to be conducted. I trust there will be no objection to complying with my request. It is

the only way that I can have opportunity to answer *properly* the questions that I presume will be put to me. For the kindly tone of your letter I sincerely thank you; for I cannot conceive it possible that you would have written such a letter had you entertained that bitterness of feeling towards me that I was informed you felt.

How can it be expected that I can explain fully all details in reference to transactions happening from six to ten years ago. The reputation of any man could be ruined by such an examination, even if that should not be the object of the examination. I cannot divest myself of the feeling that such an examination, after this length of time, savors of persecution, and I think the public ought so to consider it. If any one really supposes that I have not paid fully, and in good faith, my indebtedness to the State, or that I am connected with the present deficiency, directly or indirectly, remotely or immediately, it is, of course, a proper subject of inquiry. I shall most certainly court any investigation on this point the committee may see fit to institute.

The way I propose, is the only one that will allow me a *fair* opportunity to answer; and there can be no objection to it, as I can see. It is better, because I can answer more fully—because it will take less time of the committee. I shall be occupied now for a few days, after which, if the interrogatories are here, I shall endeavor to give them my immediate attention.

It would give me great pleasure, on a suitable occasion, to renew our old acquaintance; and with the expression of my entire confidence that nothing has happened that ought to give you a very unfavorable opinion of me, I subscribe myself,

Yours, truly,

A. A. BLISS.

CINCINNATI, October 8, 1858.

Hon. A. A. Bliss, Elyria, Lorain county, Ohio:

Dear Sir: Your esteemed favor of the 5th is just received. I will lay the same, with enclosure, before our board at its first meeting for its action. I have no power singly to change the mode of procedure fixed by the entire board. Evidently, some one has poisoned your mind as to our mode of taking testimony, and has spoken to you of "bitterness of feeling" towards you, which is entirely imaginary.

We have a good deal of testimony in reference to you and your official conduct, which it is your interest to explain, and thereby render it more complete; and this opportunity our board wishes to give you, with the further motive to comply with the law, which makes it our *first* duty to inquire: "as to the accounts and official transactions of the late Treasurer of State, A. A. Bliss." This duty *we will* perform, in our own way, and in such manner as shall be compatible with justice, and all due respect to all persons, who shall be called before us. We have always endeavored to satisfy parties as to non-essentials in the mode of taking testimony, so that the law was substantially carried out; and in every case we seek to give the precise language of the witness.

We desire, (in fact, I do not see how we can proceed otherwise under the law) to have you and all witnesses before us; and every opportunity, as well as all necessary time, shall be afforded you, so that your testimony will be given only upon full deliberation, and after a careful review of the facts, and also after your memory shall have had all the aid which it may be in your or our power to afford.

There is a vein of uneasiness in your letter, which, coupled with a refusal to appear before us, looks badly, which I deeply regret, and which I hope you will remove at once, by return of mail, fixing a day when you will meet us, and when, as I hope and wish, everything may be satisfactorily explained.

Truly yours,

CHAS. REEMELIN.

COLUMBUS, October 22, 1858.

Hon. A. A. Bliss, Elyria, Ohio.:

DEAR SIR: I have laid your letters before the board. I am instructed by it to say, that there is no objection to your writing down your answers to written interrogatories from the board. Will you then come to Columbus at once, to have the examination proceed; or shall we go to Elyria? The examination must be had in our presence, from hour to hour, as queries suggest themselves. We would say, in conclusion, that, in our opinion, Columbus is the fittest place to take your testimony, as all the books and papers are here; and unless there is strong cause, such as sickness on your part, we must insist on having it proceed here.

Most respectfully, yours,

CHAS. REEMELIN.

ELYRIA, December 29, 1858.

GENTS: I regret that I had not a better opportunity and more time to examine my deposition before it was taken away. It was difficult for me to read it, (on account of dim light and poor eyesight,) and I could not give it that examination that I should have done. I am certain there are several things in it that I should wish to amend in some particulars. In some cases, I might wish to change the phraseology, with the view of more clearly expressing my meaning, and as many of the questions required answers at once, when possibly I could have answered more satisfactorily after a little reflection. I may wish to add something to some statements. I can now recollect some instances where I desire to make some changes. On examination, there may not be many such changes, and there may be more than I now recollect. At any rate, I feel that it is important that I have an opportunity to examine the *whole carefully before it is considered complete.* What changes I should make would be slight in extent, and make probably very little difference, in the bulk of the deposition.

Yours, respectfully,

A. A. BLISS.

ROOMS OF TREASURY INVESTIGATING COMMISSION,
Columbus, O. Dec. 31, 1858.

A. A. Bliss, Esq:

DEAR SIR: Yours of the 29th inst., was received by us this morning, in which you state your desire to make some changes in your deposition.

It will afford us great pleasure to give you any opportunity you may desire, to make such modifications as you may deem proper.

Our sole object is to arrive at the truth in relation to the operations of the Treasury during your term of office and that of your successor. We prefer, however, that you should meet us here, where the fullest opportunity in time, and by the aid of all the books and papers, can be obtained for a satisfactory statement on your part.

We shall be in continuous session here for some days, and will meet you at any day you may suggest.

Please advise of the time, that no arrangements may be made to interfere.

Yours,

W. D. MORGAN,
A. P. EDGERTON,
CHAS. REEMELIN.

Statement of John G. Breslin made to Alfred P. Edgerton, one of the Treasury Investigating Commission, at Hamilton, Canada West, January 24, 1859.

I am unwilling to comply with the propositions in my behalf, made to your Commission by Messrs. Borland & Gibson, on the 21st inst, and which you have presented to me to day, not that such propositions were unexpected to me, nor because I do not intend to make the disclosures therein anticipated; but for the reason that I do not consider myself so protected, in the contemplated arrangement, from arrest and trial on the indictment in Franklin Common Pleas, as to justify my return, at this time, to Ohio.

My resolution is fixed and unchangeable, that I will never put myself in a position to be tried upon that indictment, in the present state of public feeling, as I believe it to be, against me. Without some assurance from competent authority, of discontinuance or postponement of that trial, positive in its character as to terms and time, I will not place myself in the power of a court, or in danger of imprisonment; knowing, as I do, that my acts were not criminal in their character, and cannot be so adjudged when the whole truth shall be disclosed. The reasons which have produced this determination on my part, and impel me to this course, it is due I should communicate to the public, if I expect its justification; and I do not, at a proper time, intend to withhold them. If the Commission is continued, and any assurance can be given me that I shall not be tried upon that indictment for a year, I will return to Ohio, and make to the Commission, during that time, a full disclosure of all the facts and circumstances of the defalcation known to me, and pay over to the State every thing in my possession or control. At this time, I ask

an exemption from condemnation, or a suspension of opinion as to what I deem it my duty to do, as at present situated, in withholding the names of certain parties in possession of certain assets belonging to the Treasury. These parties are in no way connected with the defalcation, and hold these assets at my solicitation, and for my benefit, as indemnity to them for advances made to protect valuable interests. These assets I cannot now make available, but will immediately proceed, in good faith, to convert them into money, and if successful, pay over the proceeds; if not successful in realizing the full amount, I will pay over such sums as may be realized; and upon my statement under oath, that the whole sum which could be, has been realized and paid over. I do not wish to divulge the names of the parties referred to, or the circumstances or nature of the transactions with them, until such times as I shall deem proper, if at all.

In this I disclaim any intention of placing myself in a defiant attitude to the people of Ohio; on the contrary, I crave their good opinion, and ask that I be not condemned, as a criminal, unheard. I have not remained in apparently contemptuous silence because conscious of security, or that the power of a full exoneration from criminal misconduct was not at my command. I have kept silent in the hope of a subsidence of a popular, and as I feared, official prejudice against me. My errors and follies—the result of too great confidence in the integrity ot my fellow-man—I am willing to expose to a just public censure. I know that that cannot be more severe than the condemnation of my own conscience and judgment.

As the present is the first opportunity at which I have felt authorized to initiate such proceedings as will testify my constant determination since my departure from the State—a determination always expressed in my interviews with those to whom I felt authorized to speak—to restore to the State whatever of its property might be in my possession, or account for its absence or loss, in a truthful manner, I beg leave now to make the following statement, with such accompanying evidence as will fully corroborate it. I intend this statement, when completed, to be a full and perfect disclosure of all my transactions as Treasurer, and since; but not anticipating the demand to be made, or the opportunity presented just at this time, or in this manner, I am unable to make the disclosure as full as I intend and desire.

I am at present entirely unable to account for about $150,000 of the alleged defalcation, fixing it at $552,000. I either never received this sum, or there has been an error of accounting by which it is improperly charged to me, without a corresponding credit; I am confident it has never been diverted from, or lost to the Treasury, by my action. I do not wish to charge my predecessor with intentionally withholding it from me, or any other person with fraud or misconduct in relation to it; but in order to account for it in some manner, to the satisfaction of all, and I hope to the injury of none, I desire the continuation of the Commission, and its co-operation in discovering in what manner this portion of the apparent defalcation occurred. If, upon investigation, it shall be ascertained that any part of it was ever in my hands, or lost by my errors or mistakes in keeping my accounts, or otherwise, I will at once acknowledge that the increased burden it imposes upon me is just and proper. If, however, it shall be discovered to be the errors or misconduct of others, or a simple error of accounting, I shall be rejoiced to be relieved from unjust suspicion as to that amount of the stated defalcation. I shall insist, until it is shown to the contrary and shall attempt to prove, that this amount was never in my hands, and should not be charged against me as a part of my deficiency. I will as cheerfully cooperate in the discovery of the loss, even if the responsibility be fixed upon myself, as I would to fix it upon others. I ask no concealment in relation to it. Since my departure from the State, I have of course had no opportunity of examining the books, or of ascertaining from any public documents or reports (except Mr. Sparrow's—it being the only one I have seen), the exact amount of the defalcation, or the manner of ascertaining it; but by whatever means its precise amount has been determined, or upon whom, as yet, its loss has been ostensibly fixed, I know that by no rightful process now known to me, can I be made chargeable with the diversion of a greater sum than about $400,000. For this amount, in losses and assets, I can account; but for a further sum, I feel confident I cannot and should not be made responsible.

There was a loan, by the old Board of Canal Fund Commissioners, to the Akron Railroad Company, of $40,000, which was reported by Mr. Sill, acting Fund Commissioner. There was an agreement subsequently between me and Mr. McMillen, the Treasurer of the Company, by which this loan should be repaid temporarily, to enable its payment to

be reported; which was done, and the loan then removed by me. This loan was never paid in full. I received $10,000 on it from Mr. McMillen; the balance I compromised, receiving from the Company its mortgage bonds, 57 in number, of $500 each, amounting to $28,500, which are delivered to you, with coupons attached, from May 1, 1855. This is all that remains of this loan, and is all I ever received upon it, except the $10,000 above stated, which was paid into the Treasury. It is one of the misfortunes entailed upon me by the action of others, the temporary payment being made only upon my agreement, wrung from me, to renew. In the absence of that agreement, the loan could not have been temporarily repaid.

I also deliver the following, as one of the results of my connection with the City Bank of Cincinnati: A note of S. Robert, dated Cincinnati, Dec. 27, 1855, at ninety days, for $14,960; also, his three notes of like date, at 4, 6 and 8 months, for $2,127.53 each, together $6,382.59, and in all $21,342.59

In this place, it may be proper for me to state the circumstances of my connection with the City Bank of Cincinnati, and the losses entailed by it upon the Treasury. Shortly after I entered upon the discharge of my duties as Treasurer, I was called upon by various personal and political friends residing at Cincinnati, who desired me to discontinue the connection of the Treasury with the Ohio Life Insurance and Trust Company of that city, to which I assented. Being advised that the disbursements of the Treasury would be greatly facilitated by a depositary at Cincinnati, I addressed myself to the selection of such an institution as those whom I supposed would be best able to judge of the propriety of the selection, would approve. After general inquiry, I learned that the City Bank of Cincinnati, which had been named to me, was an institution of good credit, that it was doing a large business; and I also learned the fact, which was of itself almost a controlling consideration, that a portion of the business of Mr. Debolt, the then Treasurer of Hamilton county, was transacted through the City Bank. As evidence of this, at my settlement with Mr. Debolt, in 1852, I received from him his check on the City Bank for $50,000, (and also his check upon the Trust Company for the same amount). From this fact, and the universal representation made to me that the City Bank was perfectly solvent, and that its designation as a depositary would be generally acceptable,

I concluded to transact my Cincinnati business through that institution. It may be proper to state, also, that I received from my predecessor, a certificate of deposit, or his check, upon this bank, for $7,000 or $8,000, which I remitted to it for my credit; and he perhaps may have stated that he had kept an account with the bank, and considered it a safe institution.

It was not my intention to deposit so large an amount as the above named checks called for; but about this time I found that large payments were soon to be made from the Treasury to persons to whom Cincinnati funds would be desirable. I therefore deposited the checks named in the City Bank, and in a short time thereafter my account was reduced by drafts more than one-half the amount. Mr. Reznor, the President of the Bank, about this time called upon me, and stated that he desired me to allow the then balance of my deposits to remain undiminished in the bank, to be paid on the first of July, in New York. I agreed that whatever balance there was to my credit in his bank, I would receive in New York on the day designated, and unless some unforseen necessity arose, I would not materially reduce my account with the bank. Mr. Reznor met me in New York on the 1st of July, and stated that he felt himself greatly embarrassed by the unexpected protest of some New Orleans bills purchased by the bank; that he regretted the disappointment very much; that it would be an unfavorable indication for himself personally, as well as for the bank, if the facts were known; that the unthinking might torture the unexpected emergency which compelled him to seek "accommodation upon the streets," as an evidence of financial weakness, which he desired very much to avoid. He concluded by requesting me to forego a call upon him for the amount due, which was, as I believe at that time between $30,000 and $40,000. Relying then upon his assurances (and the most solemn and repeated assurances previously, that the report of Major Johnson in reference to the bank, was wholly incorrect and the result of personal vindictiveness) that the bank was perfectly solvent, I concluded to postpone a demand upon him, requiring, however, that the amount should be reduced, and that whatever balance, if any, remained at the approaching first of January, should be punctually paid at that day. Sometime in September following, Mr. Reznor called upon me and stated that the bank was in a most flourishing condition; the demands for money were so numerous that it

was beyond the power of the bank to comply with them; and after every possible assurance of the sound condition of the bank, concluded by requesting me to increase my deposit therein. I declined unconditionally, and reminded him of my understanding with him in New York. Until this period, Mr. Reznor had never failed, when opportunity occurred, to assure me of the undoubted solvency of the City Bank. On the Saturday succeeding the last mentioned call of Mr. Reznor, I received a dispatch from Mr. E. M Gregory, a gentleman with whom I was then personally unacquainted, inquiring whether I would be at Columbus that evening. I directed a reply in the affirmative. On the evening of that day I met that gentleman. He inquired whether Mr. Reznor had called upon me during the week. I answered him that he had done so, and in reply to a further question, also stated the nature of Mr Reznor's business. Mr. Gregory then proceeded to say, that he was amazed; that Mr. Reznor had promised him (Mr. Gregory) to call and state to me the true condition of the bank, which he (Mr. Gregory) supposed I was not apprised of; that the bank, without instant aid, must go to protest; that Mr. Reznor had knowingly and deliberately deceived me; and that he (Mr. Gregory) felt it his duty to call and ascertain if such was not the fact. I was overwhelmed with astonishment at these announcements. Mr. Gregory remained during the next day in consultation with me as to the best mode of saving the deposit I then had in the bank. Our conference resulted in an agreement on my part to visit Cincinnati on Tuesday following, to thoroughly examine the bank, and to adopt the best course in my power to prevent a loss. I remained several days in Cincinnati upon this errand. Mr. Gregory and a Mr. Ingoldsby, both familiar with the bank, prepared detailed statements of its condition, which I suppose they fully examined, and submitted them to my examination, with such explanations as their intimate acquaintance with the condition of the bank enabled them to give. It appeared from these statements, that with such aid as would relieve the bank at once from threatened protests, the assets were sufficient to reimburse the State for the deposit then in it, and such further sum as might be required to be then advanced to protect it. Presuming that the better information of those who had been concerned in the bank as officers and directors, could be relied upon as to the value of its assets, and that the step proposed would not only not endanger the additional sum required, but save

the amount already in jeopardy, I did not hesitate to advance the means necessary to relieve the bank, which, as I now remember, was about $40,000. I was informed shortly after, that the sum I thus advanced to save the bank, and thereby the State's interest, was applied to the payment of about the same amount of the bank's drafts then about due, upon which Mr. Gregory was an indorser. In this transaction, I acted with the most perfect good faith. I had no motive other than to secure beyond doubt the amount I had on deposit. By advancing the additional sum, I felt assured, from the representations made to me, of the value of the assets of this bank, that all contingency of a loss had been removed. Having now become so deeply involved in the City Bank, I gave it much of my attention, and occasionally temporary aid in small amounts, still trusting in the fidelity and integrity of those in whose charged it seemed to be, for my protection. In compensation for all my efforts and anxiety, I found nothing but promises on one day, and plunder upon every hand the next. A change of officers was had in the bank at my request, to improve the condition of things, with the understanding that nothing was to be done but to proceed to settle and collect the assets and liquidate the Treasurer's deposit; but the change seemed only to furnish additional facilities to the plunderers. The conduct of John P. Reznor, in concealing from me the true condition of the bank, and quieting my anxiety and solicitude in relation thereto, by the most solemn asseverations of the entirely solvent condition of its affairs, was that of an unmitigated knave—a character he displayed, not only in deceiving me, but in the extraordinary and to me ever inexplicable manner in which he succeeded in extricating himself from his very large indebtedness to the bank, without paying a dollar, and of which, I understand, but little if any evidence can be found.

It has been said that I am censurable for continuing my business with the bank, after I suspected its solvency. I admit it,—but no material loss occurred thereafter; and every act and movement upon my part, looked to the accomplishment of a single end—the security and safety of what was already endangered. Among other instances cited, is one that I permitted the collector of canal tolls to deposit in the bank (I believe) in 1855. I think before this time I had closed my current account with the bank. The deposits that year were sent me in returnable certificates, which, as I believe, were nearly all paid. I had declined to keep

an open account; and in permitting tolls to go there, it was in order, if any eastern currency were paid, its conversion would aid in paying the expenses of the bank; but the positive understanding was, that the sums thus deposited were not to be used in any manner.

Mr. Charles T. Sherman, attorney, at Mansfield, has a collection in my behalf, amounting to $1,100 00 against Messrs. Rizzor. I received this collection from the bank as cash. The amount stated in my last official report, for which I held the drafts of the City Bank,—the collection above referred to,—the notes of S. Robert, herewith placed within the control of the Attorney General,—embrace all and every liability that has emanated, directly or indirectly, from my official connection with the City Bank of Cincinnati. I never had any personal transactions of any kind with it. In addition to the above statement, I desire explicitly to add, that I have not now, and never had, directly or indirectly, any speculations or operations with John P. Reznor, or any other officer of the City Bank; and that I have no interest in anything growing out of my official connection with the bank, than that herein detailed; and the extent of the liability to me, personally or officially, of the bank, or John P. Reznor, or any other officer of the bank, growing out of that connection, or otherwise, is herein fully stated.

Among the payments made to me by Mr. Bliss, after entering upon my duties as Treasurer, was one consisting of a certificate of deposit from W. E. Chittenden, banker, New York City, for the sum of $48,464 72. It is due to myself, that I should explain the circumstances connected with the receipt of this certificate. Mr. Bliss called and informed me, that Mr. Chittenden was in the city, and stopping at his residence, and invited me to call upon him. I had a limited—not by any means intimate—acquaintance with Mr. Chittenden. I called and met him. In due time the object of my visit was explained to me, namely: to request me to accept the certificate of Mr. Chittenden for the amount then on deposit at his banking office in New York to the credit of Mr. Bliss. Having no reliable knowledge of Mr. Chittenden's standing as a banker, I deferred an acceptance, for the moment, of his certificate. Mr. Bliss, in Mr. Chittenden's presence, spoke very favorably of his business and position in New York, corroborating Mr. Chittenden's verbal guaranties as to his ability to pay every liability against him, and of his flattering success as a banker. Having accomplished a

private interview I desired with Mr. Bliss, before concluding to accept or reject the request made of me, I was assured by Mr. Bliss of Mr. Chittenden's perfect solvency; and to this unqualified assurance was again added an intimation of the personal favor with which my compliance with the request made of me would be regarded by him. Regarding Mr. Bliss' friendly relations with Mr. Chittenden to be sufficiently intimate to justify his declarations as to his solvency, and having no objections to confer a favor upon one who had personal reasons not to mislead me, I agreed to accept Mr. Chittenden's certificate for $48,464 72, the amount then on deposit, as I understood it, to Mr. Bliss' credit, including exchange thereon. It was distinctly understood at the time, that the amount was to be paid me in New York on the first of July ensuing. About that time, I called on Mr. Chittenden, at his office in New York, to request payment of the amount due me. I found Mr. Bliss (who had previously called upon me) at Mr. Chittenden's office. After some conversation with both these gentlemen, in which they requested a continuance of the deposit, Mr. Bliss stating again that my acquiescence would be duly appreciated as a favor personal to himself, I consented not to call for the amount, having again received the assurance of Mr. Bliss as to the safety of leaving the deposit undisturbed. With the understanding then that the amount would be paid me on the first of January ensuing, I agreed not to call for it until that time. Before the first of January, I wrote to Mr. Chittenden that it would be absolutely necessary that he should be prepared to pay the balance due me, he having, since July, paid me about $13,000. When I thus wrote, I intended to visit New York the first of January, but circumstances arose that prevented my so doing. After the first of January, I continued to write to Mr. Chittenden, that I should call upon him for payment as soon as my duties would permit me to be absent. Some correspondence ensued, in which Mr. Chittenden expressed his gratification that I had been enabled to pass the first of January without calling upon him, and expressing his hope that I would accommodate him still further by delaying my call; in answer to which, I stated the impossibility of my yielding a further compliance. Whilst preparing to go to New York in pursuance of this and other business, intelligence reached the public of Mr. Chittenden's failure. I thereupon proceeded at once to New York, to

secure payment, if possible, of his indebtedness to me. When I arrived at Mr. Chittenden's office, I found a number of persons there, with none of whom was I acquainted except Mr. Bliss. I at once inquired of him as to the extent of the failure, the losses, liabilities, &c., and also as to my own danger of loss. Mr. Bliss answered, that he impressed upon Mr. Chittenden the imperative necessity of protecting *me;* adding that my deposit *should* be secured, and that as evidence of his interest in my behalf, and that of one or two others, he had remained in Mr. Chittenden's office nearly all night to prevent the abstraction or misuse of any securities. He also informed me where I could find Mr. Chittenden, and have a personal interview, which I did at once. At this interview, Mr. Chittenden informed me, that whilst absent in Tennessee (from where he had recently returned, guarding important interests there) some unfortunate transactions had occurred in his New York office; and that he was, through these, suddenly and unexpectedly plunged into insolvency; that he felt under peculiar obligations to save me from loss, if possible. An arrangement was then made for a meeting between Mr. Chittenden, my attorney, and myself, (at which, my impression is, Mr. Bliss was present) with a view to a settlement. The balance then due me, was, my impression is, $35,000; for which Mr. Chittenden protested he could give me no better security than the following:

Note of Robert J. Walker	$5,202 15
" E. Peck, New York	3,000 00
" J. B. Doe, Janesville, Wisconsin	4,000 00
" A. Hyatt Smith, " "	5,000 00
" same, " "	5,202 15
" J. P. Eastman, Chicago	5,202 15
Draft of J. G. Camp on J. P. Reznor	5,000 00
Note of J. E. Beebe	750 00
	$33,356 45

[My impression is, there is another note for $5,000, belonging to this list of securities, which I cannot at this moment discover, but which, when obtained, shall be delivered to the Attorney General.]

After the maturity of these notes, none having been paid, and time adding nothing to the probability of improvement in their value, I proceeded to sue such of the parties as seemed indifferent to the payment of their obligations. Mr. Peck, banker, insurance agent, &c., whom I

understood to be abundantly able to pay when I took his note, failed, and was then generally understood to be hopelessly insolvent, but willing to apply his assets to the liquidation of his indebtedness. Considering his note utterly worthless, I accepted the same securities which I learned other creditors were willing to receive, and surrendered his note for sixty-one shares of the Chicago, St. Paul and Fondulac Railroad, herewith handed to the Attorney General. Mr. Robert J. Walker, declaring his inability to pay his note, and learning, that with moneyed men the same was considered to be of very doubtful value, I received from him, in lieu of his note, through an agent, $7,000 of the stock of the "Chicago Land Company"—the certificate for which I shall, as speedily as possible, place in the possession of the Attorney General. The claim against Eastman for the balance due on his note, is in the hands of Col. R. B. Carpenter, Attorney, Chicago, Illinois, whose receipt I herewith deliver. The receipts of Messrs. Finch and Lynde, of Milwaukie, for the judgments against A. Hyatt Smith and J. B. Doe; and the receipt of Messrs. Eldridge & Pease, of Janesville, Wis., are also herewith presented. There is a small balance due on the note against Mr. Beebe. The draft of Mr. Camp upon Mr. Reznor has been nearly all paid; but as it is, with $5,000 of City Bank of Cincinnati stock as collateral, an evidence of the transaction is also herewith surrendered. Lest it should be inferred that there were other transactions between Mr. Chittenden and myself, at the solicitation of Mr. Bliss, it is proper that I should say, that with the exception of what is here stated, and a request made by Mr. Bliss, that I should retain for a time $6,000 of the circulation, I believe, of the Woodbury Bank, in Connecticut, of which Mr. Chittenden was the owner, paid me by Mr. Bliss during our settlement, there was no business transaction whatever.

I have an unsettled interest in the Central Bank of Indiana, the evidence of which I herewith transmit to the Attorney General, amounting to about $11,000. The parties interested in that bank, as I understood them to be, were Columbus Delano, William Sturges, Ozias Bowen, Chas T. Sherman, and myself.

I had an interest, to the amount of five thousand dollars, in company with Ozias Bowen, Charles T. Sherman and B. R. Durfee, in the Delaware County Bank, Indiana. About $3,000 of this interest was refunded to me, upon closing the bank; the balance was the pro rata loss.

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	$33,356 45

[My impression is, there is another note for $5,000, belonging to this list of securities, which I cannot at this moment discover, but which, when obtained, shall be delivered to the Attorney General.]

After the maturity of these notes, none having been paid, and time adding nothing to the probability of improvement in their value, I proceeded to sue such of the parties as seemed indifferent to the payment of their obligations. Mr. Peck, banker, insurance agent, &c., whom I

understood to be abundantly able to pay when I took his note, failed, and was then generally understood to be hopelessly insolvent, but willing to apply his assets to the liquidation of his indebtedness. Considering his note utterly worthless, I accepted the same securities which I learned other creditors were willing to receive, and surrendered his note for sixty-one shares of the Chicago, St. Paul and Fondulac Railroad, herewith handed to the Attorney General. Mr. Robert J. Walker, declaring his inability to pay his note, and learning, that with moneyed men the same was considered to be of very doubtful value, I received from him, in lieu of his note, through an agent, $7,000 of the stock of the "Chicago Land Company"—the certificate for which I shall, as speedily as possible, place in the possession of the Attorney General. The claim against Eastman for the balance due on his note, is in the hands of Col. R. B. Carpenter, Attorney, Chicago, Illinois, whose receipt I herewith deliver. The receipts of Messrs. Finch and Lynde, of Milwaukie, for the judgments against A. Hyatt Smith and J. B. Doe; and the receipt of Messrs. Eldridge & Pease, of Janesville, Wis., are also herewith presented. There is a small balance due on the note against Mr. Beebe. The draft of Mr. Camp upon Mr. Reznor has been nearly all paid; but as it is, with $5,000 of City Bank of Cincinnati stock as collateral, an evidence of the transaction is also herewith surrendered. Lest it should be inferred that there were other transactions between Mr. Chittenden and myself, at the solicitation of Mr. Bliss, it is proper that I should say, that with the exception of what is here stated, and a request made by Mr. Bliss, that I should retain for a time $6,000 of the circulation, I believe, of the Woodbury Bank, in Connecticut, of which Mr. Chittenden was the owner, paid me by Mr. Bliss during our settlement, there was no business transaction whatever.

I have an unsettled interest in the Central Bank of Indiana, the evidence of which I herewith transmit to the Attorney General, amounting to about $11,000. The parties interested in that bank, as I understood them to be, were Columbus Delano, William Sturges, Ozias Bowen, Chas T. Sherman, and myself.

I had an interest, to the amount of five thousand dollars, in company with Ozias Bowen, Charles T. Sherman and B. R. Durfee, in the Delaware County Bank, Indiana. About $3,000 of this interest was refunded to me, upon closing the bank; the balance was the pro rata loss.

For a more full explanation of my connection with the "Central Bank," I hand you herewith a copy of the articles of association; also, the original transfer to me, of my interest in the bank, from Bowen and Sherman. Each of the parties to the organization were interested to the amount of $20,000. I subsequently purchased $10,000 of the interest of Mr. Sherman, and upon my interest now, amounting to $30,000, I was repaid $9,000, leaving, as stated above, $21,000.

Judge Bowen, as the representative of all parties interested in the Central Bank, organized a bank at New Corydon, and another at Jasper, Indiana. These banks were started by borrowing stock, and the use of such means and credit as the Central Bank then possessed. No additional capital was invested by organizing these banks—at least no call was made upon me for money in connection with them; and I had no interest whatever in Indiana, in connection with Judge Bowen, or the other parties named, except as here stated. Neither Judge Bowen, or either of the other parties named as connected with the Central Bank, are indebted to me personally, in any amount; and there is no accountability to me, on their part, except such as resulted from the connection with the Central Bank. I never had any business operations of any kind with these parties, or either of them, which resulted in loss, except in the instances of the two banks here named, and the transactions with Mr. Sturges, hereafter alluded to. Neither of the parties named as connected with the Central, or the other banks in Indiana above stated, hold assets or evidences of indebtedness to me or others for my benefit.

During my terms of office, I had at various times large amounts of money on deposit in the Marion Bank, every dollar of which was repaid to me when called for.

I never lost a dollar through any investment in the Kanawha (Virginia) Bank.

I transfer, with this statement, the note of S. Waggoner for $12,565 83, being for money deposited in his bank in Tiffin. Mr. Waggoner is indebted to me, in addition, in open account, about the sum of eight thousand dollars, upon which I think he is entitled to a credit of about three thousand dollars.

The sum of $26,611 73 is due me from the Elkhart County Bank, Indiana—the proprietors of which were John G. Camp, Charles L. Johnson, and myself. It is due to Mr. Johnson, to state that he was not,

through any knowledge from me, directly or indirectly, aware of my connection with this bank.

The loss to me through my interest in the Cumberland (Md.) Bank, was about eight thousand dollars. I lost nothing by the Greensborough Bank. I have no interest, direct or contingent, in either of them. I have no interest, and never had any, in any other bank in Maryland; and I have therefore suffered no losses in that direction.

I have been advised, that it is supposed I sustained losses through business connections with J. W. McMillan. This is entirely erroneous. I never had private business with that gentleman, except the renewal of the Akron Railroad Loan. The overissue of the Canal Bank of Cleveland, through McMillan's solicitation, I have stated upon another occasion, which statements, I learn, will reach the public through the report of your Commission, and need not be repeated here.

The extent of my business relations with Matthew Johnson, of the Commercial Bank of Toledo, will be fully shown by the books of the Treasury department. No transactions of a private nature ever took place between that gentleman and myself.

There is no indebtedness to me upon the part of Daniel Beckel, or the Dayton or Miami Valley Bank, other than I have officially stated in my last annual report.

At the close of my official term, I held the notes of the Sandusky, Mansfield and Newark Railroad to the amount, I believe, of about $17,500, with J. G. Gamp and J. R. Robinson, endorsers. The company having become insolvent, a reorganization and readjustment of its capital was had, and in the arrangement provision was made for the payment, as I understood, in bonds, of the floating indebtedness of the company. The endorsers of the notes having shared seriously in the embarrassments of the road in their charge, their names were of no value, I learned, to the notes. After an interview with Mr. George B. Wright, Receiver, I was induced to accept, I believe, $8,500 of the bonds of the road specially provided for the payment of such claims, and then surrendered to him my claim against the company. Of these bonds, I have only $4,900 in my possession, which I now deliver to you—the balance not being at present under my control.

Among other evidences of indebtedness in my possession at the close of my term of office, was a note for six thousand dollars due me from

John G. Camp. Mr. Camp stated to me that he was totally insolvent, with no prospect, as he could then see, with his large indebtedness upon him, of being able to pay me. He proposed to give me for his indebtedness, a certain house and lot in Sandusky City, represented to be nearly of the value of the amount of his note. I agreed to this proposition, but found the property unsaleable, and no opportunity of realizing anything like the amount it represented. After some litigation in relation to it, the property, or its proceeds, were taken of me by Mr. Gibson, for about two thousand dollars. Mr. Camp placed in my possession as collateral to this note, certificates of stock representing two hundred and forty shares of the Sandusky, Mansfield and Newark Railroad. This certificate I agreed to return to him in accepting the Sandusky property; and I now hold it subject to the order of the Attorney General.

I have within my control, between, I believe, fifteen and twenty thousand dollars of the bonds and stock of the Columbus, Piqua and Indiana Railroad Company; which, when in my possession, I shall deliver to the Attorney General, and make to the committee the explanation due in relation to them.

I own eight hundred acres of land in Livingston county, Illinois. I have the unrecorded patents of the government for the land. I will convey this land to whomsoever the Attorney General may direct. I have no land in Illinois except this tract, and no other property in that State except what is herein stated.

I have no interest in any property of any kind in Minnesota, except an interest of, I believe, $400 in a land company, taken to secure that amount of indebtedness to me. The evidence of this is in possession of the secretary of the company at St. Paul's, who I believe is W. F. Wheeler.

I purchased thirty lots, at $20 each, of George Armstrong, of Omaha, Nebraska. I never owned any other property in Nebraska. I never had any interest, directly or indirectly, in any bank in that Territory. I never had any land in Kansas.

I own no real estate, directly or indirecty, in Ohio, except my residence at Tiffin; unless an interest in a few small tracts of wild land deeded to my wife by her father, may be considered additional ownership.

With the exception of the interests in real estate above stated, I do not own a foot of land in any State or Territory of the Union, or in

I have been informed that it is in testimony before you, that I received $75,000 of the notes of the Mechanics' Bank of Memphis, Tennessee, from Samuel Waggoner; and that the supposition exists that they were for my own use. In arranging for this currency, I was complying with a request made of me, on behalf of Mr. Osborn, of the Mad River Railroad Company, and others, who desired it for circulation. About the time I received the currency from Mr. Waggoner, or shortly thereafter, some occurrence—the breaking or discredit of some bank at Memphis, I believe—cast a general discredit upon Tennessee currency. It was found to be impossible to use the notes; the arrangement was not completed, and I now hold every dollar of the currency in the packages as handed to me. I never intended myself to circulate them. The open account between Mr. Waggoner and myself, alluded to in another part of this statement, results from an advance made to him to enable him to secure the currency for the parties who desired it, which advance was to be reimbursed to me, but never has been. My motive for having any connection with this transaction, was a promised compensation upon the conclusion of the negotiation.

It is due to Col. Medary, to say, that he is not indebted to me, directly or indirectly. My transactions with him were only such as would naturally arise with the State Treasurer, and the person who was in some way connected with the public printing, involving an occasional advance to him, or those interested with him, on their printing accounts, which advance was always repaid. These transactions could in no sense be considered private, and never partook of the nature of loans; but were such as had always taken place between public printers and my predecessors, as I understood. I have no investments or speculations with Col. Medary, in any place; and he is not, in the remotest degree, connected with or implicated in the losses to the State through the Treasury while I was Treasurer, nor before, nor since, to my knowledge.

I never lost any money, through deposits or otherwise, by the Seneca County Bank; and said bank does not now owe me anything, directly or indirectly. I never was a stockholder in said bank, neither had I any interest in it represented by another. I have no knowledge whatever as to how the overissue occurred. I believe the bank had no stocks when it organized; and have been informed by Mr. Chittenden, cashier, recently, that the bank was embarrassed at the beginning, because, the

capital had to be refunded (being of course borrowed for the occasion) in a very short time.

I never had any business transactions with Bartlit & Smith, or either of them, by which a loss occurred in any manner to myself or the Treasury. I kept an account with them for some time before retiring from office; and every dollar involved therein, and in every other transaction of every nature, was paid to me in full. They do not owe me a dollar, directly or indirectly; they do not hold any assets, moneys or effects for me, or in which I have any interest. I was not engaged with them in any banking enterprise, in Indiana or elsewhere.

In answer to your request to explain the circumstances of a loan made to Mr. Gibson from John Thompson, in New York, in June, 1856,—my recollection is this: I was upon a casual visit in New York, and while there called upon Mr. Coe and Mr. Ludlow to make a loan of, I believe, $50,000. They declined to make the loan. I co-operated with Mr. Gibson and Mr. Smith, both then in New York, in negotiating the loan with John Thompson. A note was given for the loan, and collaterals deposited with Mr. Thompson. I do not remember whose note was given, or the nature of the collaterals deposited. The object of this loan was to furnish money to be applied to the payment of the interest of the State debt, payable July 1st ensuing.

Messrs. Sullivant and others, sureties, negotiated with Messrs. Bartlit & Smith, for the payment of the balance due upon the deficit of Mr. Bliss, and for which they, the sureties, had given me their checks. I was not a party to this negotiation in any manner; and Bartlit & Smith paid me, in a very short time, the whole amount due, which payment concluded my connection with that matter.

I am interested, as a stockholder, to the amount of $1,000, in the Tiffin and Fort Wayne Railroad Company. I never loaned the officers of that road any money, nor any other person for it; and have no other interest in it, than that represented by this certificate of stock for $1,000. Neither have I, nor any person for me, any interest in the Redfield contract so called. To my knowledge, there has not been a dollar of public money invested in this enterprise.

I own $1,000 stock in the Clinton Line Extension Railroad. I have no other interest in this road, in any manner whatever.

In reply to your question upon the subject, I desire to state, that I

never lost any money in any business operation, or otherwise, with Charles L. Johnson, except in the matter of the Elkhart County Bank. Mr. Johnson does not owe me anything, and I have no interest in any business with him, or in any property he holds. He has neither money, property, or assets of any kind, for me, or in which I have any interest.

The circumstance mentioned, as you state, by Mr. Sturges, of purchase upon my part, or the procuring a loan of money to purchase some Virginia bonds, in amount, I believe, $50,000, is correct. Not proceeding with the arrangement for which these bonds were intended, I sold them some time thereafter,—incurring a loss of some six or seven thousand dollars. I also borrowed $30,000, at another time, from Mr. Sturges, which I needed for the disbursements of the Treasury. I do not now recollect the manner of payment for these loans, but they were paid.

In reference to my accounts and business with the firm of W. W. Cones & Co., or with W. W. Cones, it is but just, I should say, that I was urgently solicited by many persons whose only protection from censure is my silence, to open an account with him and transact my Cincinnati business through his bank. The transactions, however, with Mr. Cones, emanating from *me*, were very few. I was solicited to allow the Butler County Treasurer to make a deposit with him, to which I consented. Mr. Cones, on a few occasions, furnished me with exchange. The deposit with Mr. Cones, which was the occasion of loss to the State, I do not consider myself wholly responsible for. An amount greater than that specified in the certificate I received, had been deposited with Mr. Cones by Mr. Bowman, *without my knowledge or direction*, and upon which he was drawing, and was actually paid interest. Of this amount $70,000 was transferred to me, by a certificate, leaving still a balance on deposit in Mr. Bowman's favor, as subsequent developments proved. Mr. Bowman, with a perfect knowledge of these facts, and with a further knowledge that I never directed him to make a deposit for me with Mr. Cones, does me the greatest injustice. I am willing to take upon myself every responsibility that attaches to my action, but I cannot submit, without protesting against its injustice, to being made responsible for the errors and losses of others. If, hereafter, the opportunity is presented, and the occasion requires it, and the evidence is all within my reach, I may endeavor to fix the responsibility of this loss where it properly belongs.

My connection with the Kanawha Bank, it is proper for me to say, arose from a visit made to me by William Sturges, W. W. Cones, and a gentleman whose name for the present I decline to mention, for the purpose of inducing me to take one-fourth interest in that institution. I declined to comply with the proposed arrangement. The same parties visited me again, and urgently insisted I should join them in the purchase of the bank. I again declined, but agreed to meet the parties (except Mr. Sturges) in Cincinnati, in a short time, to inquire more fully into the matter. I visited Cincinnati, after an interview with the parties (except Mr. Sturges) agreed to take the interest assigned me—one-fourth of one hundred thousand dollars,—but with this positive agreement, that the purchase money advanced by me, should be returned in not over thirty days, and my notes to be substituted therefor. My suspicions that Mr. Cones intended to transfer the doubtful assets of his Cincinnati banking office into the Kanawha Bank, and therefore render the institution comparatively valueless, at once induced me to insist that the speedy repayment of my interest in money, was the only condition upon which I would consent to become interested in the purchase. I expressed a determination to "*get my money back.*" Accordingly $25,000 was repaid to me in due time, which was the only money I ever advanced in any transaction with the Kanawha Bank. After some delay, caused by great hesitancy on my part, as to the safety of any further association in this connection, I gave my notes to Mr. Cones, who insisted that without them he would be unable to make a satisfactory exhibit to the directors, during his approaching visit to Kanawha. Some time after, Mr. Cones forwarded my notes to me, with a request that I would procure an endorser in accordance with the rules of the bank. Having, in the meantime, had satisfactory reasons to impress me with a belief that it would be best to avail myself of the first opportunity to dissolve all connection with that bank, I retained my notes, and announced to the parties (except Mr. Sturges) my withdrawal as a stockholder. With this step ended my interest in that bank.

I sustained no loss through Mr. Cones, except the balance of the $70,000 deposited with him by Mr. Bowman, which was transferred to me, remained unpaid. I had no investments or speculations of any nature with Cones, except as herein stated.

Having accounted thus far, for a portion of the deficiency charged to me, it is due to others, as I believe it will be promotive of the security of the State, to decline, for the present, to make any additional disclosure concerning about $200,000 of the alleged deficiency. I am aware, in thus declining, I subject myself to censure. But if there be any in whose experience there have been occasions when a disclosure of private transactions would have to be based upon a violation of the most solemn obligations of honor, I appeal to them—who can appreciate a relation, the honorable fulfillment of which is sacred to every high-minded man—for a suspension of opinion, for the present, in this regard. It may be said, my first duty is to the State. I do not deny this. But when I feel and know that I can work no wrong to the State by delay, and that the fulfillment of my duty to it will be better in my power hereafter than now, I trust to be indulged for the present in this respect.

In reference to the amount about which I prefer at present to make no statement, I intend that everything in relation thereto shall be communicated to the public, and the evidences of the amount of the assets delivered over. This I will do the first moment I can, without needlessly and unjustifiably connecting parties with the Treasury, whose names should in no manner be connected therewith, and who are in no way responsible for any portion of the defalcation. It is proper to say that in the reservation here made, I do not, in any manner, include Mr. Gibson. It is further due to him to say, without qualification in any respect that he is in no manner responsible for the deficiency that occurred during my terms of office; nor was he apprised of my difficulties until some time after he became Treasurer. Upon the discovery of them, up to the present time, he has evinced the most zealous disposition to aid me in every possible way to do full justice to the State.

I have learned, through various channels, with deep regret, that representations have been made at home, that relying upon my personal safety here, I have expressed indifference to the opinion which the good people of Ohio might have or form of me. With a view to thus represent me, and also as holding an attitude of boasted defiance to the authorities, I understand reports distorting my conversations, demeanor and opinions, are in circulation throughout the State. I deny, most emphatically, the truth of these aspersions in every possible aspect in which they can be uttered. I should consider it the basest act of my

life to ever harbor an indifferent feeling as to the judgment which I desire the people of Ohio to form of my past errors, or my future place in their regard. I have stated, that in retiring from the State, I was but obeying the first instincts of human nature, to secure the liberty of my person; that the same natural feeling would prompt me to remain in an attitude of personal security, until whatever of prejudice, or popular fury existed, if any, had subsided; and then avail myself of the first opportunity to make, to the people of Ohio, who had honored me so much, and whom I had, I must insist without design, so greatly wronged, every reparation in my power. It was not for me, in a foreign country, an indictment pending at home, a committee in pursuit of every official act of mine, wholly unapproached by any one authorized to say that any statement I would make, would be received by the authorities, to take the lead in any step tending to a disclosure of the defalcation, and if possible an adjustment thereof, however great was my anxiety in that regard. I could not abruptly appear through the public press, great as is my confidence in that institution as the stern denouncer of every public abuse, as well as the magnanimous and humane vindicator of those who can with truth claim that they had erred solely through error of judgment, not through criminal design. My accountability to the press, I regarded solely as the representative of public opinion. No communication to that department of public affairs, could have been recognized, as I supposed, by any official authority.

I trust I may be permitted to say, not in justification of myself, but somewhat in extenuation of a harsh public judgment against me, that no one, without experience, can appreciate the difficulties—the embarrassments—the concerted temptations—the *demands* for favors, with which a Treasurer is constantly surrounded. There are no "friends," eager to ease the Auditor from his oppressive cares, or thank him for his exhausting hours of midnight toil. It is the *Treasurer's* anxious cares which are "scented afar off," and which involuntarily invoke so many flattering offers from disinterested patriots in all parts of the State, to assist him in taking care of the public money.

A new Treasurer is instantly called upon by hosts of devoted "friends,' many of whom "ardently supported him for the nomination;" others took "no part in politics," but were delighted with the last election for Treasurer. Others were sorely perplexed at the *last* election for Treas-

urer—they were of the same politics with your predecessor, but "high personal regard" for the *present* incumbent greatly embarrassed them at the polls—finally consented to throw party aside and vote for the person now in office. The Treasurer is advised by a visitor, of his wonderful popularity in his (visitor's) section of the State—the universal satisfaction with which his nomination was received, and the indescribable joy with which his election was hailed; visitor was not disappointed with the nomination of the present Treasurer; visitor had long since, in looking around for a suitable person for Treasurer, had the present officer in his mind's eye. Visitor regretted he could tarry so short a time, and "would say before leaving," that in the event his friend Mr. So. and So. should call to see the Treasurer, he was entitled to the "fullest confidence;" everything entrusted to him could be relied upon "to the death." Visitor himself, might, "after a while," suggest something of great advantage "all around," and "perfectly safe;" or visitor would not think of mentioning it. Visitor would call again, unless business prevented, with particulars of a very "nice thing." If the Treasurer had anything of interest in visitor's locality requiring attention, "command me." The instances of this sort of attempted ingratiation into the Treasurer's confidence, all ending in some proposal to co-operate in a confidential investment or magnificent speculation, are innumerable; yet to designate a single case, would doubtless meet with a flat contradiction. And the very persons who are most persistent in their efforts to inveigle the Treasurer in some private operation with themselves, or others for them, are those who are most indignant over his errors when discovered, and have least sympathy for him when his misfortune comes. A torrent of denunciation and censure, heaped upon the ruined, is the shield to protect them against suspicion of having influenced him in any act which, with others, may have contributed to his troubles.

As an illustration of the manner in which a Treasurer is beset, I will enumerate a few instances of the mode in which I was approached by D. W. Deshler. Very soon after my arrival at Columbus, and before I entered upon the discharge of my official duties, Col. Medary called upon me, and stated that Mr. Deshler had inquired of him as to what arrangements I had made in reference to my sureties, and whether I needed aid in giving bond, &c. Sometime after I was Treasurer, Mr.

Deshler sought a private interview with me, during which he communicated to me his desire that I should confine my private operations to the Clinton Bank—that he would protect me fully, and deal honorably and liberally with me in every respect. He proposed, first, that I should take $10,000 stock in the Clinton Bank, upon which he would guarantee ten per cent. dividend. No arrangement of any kind was made at this interview. He subsequently requested me, on several occasions, to take a large amount, (once naming $50,000) of Clinton Bank notes, keep them locked up, and give him an equal amount of other funds, which, in the end, he would "make all right." I declined. He called upon me on several occasions, and stated that he was overrun with applications for discount upon "A No. 1 Cattle paper," and desired funds to enable him to meet these calls; at the same time he suggested that there would be no risk whatever if I should discount the paper, it being, he assured me, such "bills" as he preferred and selected in his business. I declined. I deposited large sums of money in the Clinton Bank; held its certificate for months, and occasionally its city balance checks when short of "currency." Indeed, so far as Mr. Deshler was concerned, he never seemed to be satisfied with the amount of my business with his bank; he seemed to believe that through long usage (of which he often spoke) the *Clinton Bank* had an imprescriptible *right* to the use of the public money.

The above, and many kindred propositions were often made by Mr. Deshler; and yet I understand that gentleman speaks with abhorrence of the improper use of public funds, and censures me upon every occasion. It is but justice to Mr. Deshler to say, that to my knowledge I never lost any money in any business with him, or either of his banks.

As an evidence of the heartlessness of the fowls of every plumage, from the ragged to the richest, that are ever hovering around a Treasurer, and who upon the turn of a vault key, make a lightning descent upon their meditated victim, allow me to state a few incidents connected with the troubles of Mr. Bliss. When he communicated to me his apprehensions of a deficit upon his part, with an appeal for protection that would have penetrated any heart, he added that he intended to protect his sureties by placing in their possession a satisfactory amount of collaterals, and through them, in that manner, arrange for a speedy payment to me of what appeared to be the balance due; thus saving his

own exposure, and his bail from inevitable liability; that it was peculiarly the interest of Messrs. Sullivant and others, who had so long revelled in the use of the public money, not to become involved in litigation or controversy with the State, lest unpleasant developments might ensue. Regarding the direct liability to the Treasury of Messrs. Sullivant and other sureties, as better for the State than the doubtful chances of recovery upon a bail bond, and feeling a deep sympathy for Mr. Bliss, I agreed, without the promise or hope of reward, to accede to the negotiations proposed by him.

After a few interviews with the parties interested, and subsequent to the consummation of the arrangement to extricate Mr. Bliss, I encountered nothing but prevarication, delay, indifference, neglect, and every other species of annoyance, and a dishonorable failure to comply with their promises.

When the arrangement was first proposed, it was positively agreed that the whole matter should be settled, and paid within one year. I found very soon, that no attention was given to this subject, except in pursuance of my calls and urgent request for payment. I protested against such treatment, as displaying bad faith towards me, and a dishonorable violation of the arrangement to which I had consented.

The parties involved in this liability to the State, well knew that a disclosure at that time of any of the facts narrated here upon this subject, would be to me instant political extermination, and the probable cause of serious official embarrassment. Hence, no matter how treacherous their conduct towards me, my mouth was sealed through motives of self-preservation. Thus, for nearly four years, I was obliged to carry about two-thirds of Mr. Bliss' deficit, in the shape of checks of Messrs. Sullivant, and others, without daring to expose them and their conduct. When I was about to retire from office, and an unavoidable exposure stared them in the face, and a threatened prosecution forced them to it, they finally made an arrangement, and I understood, paid a bonus to Bartlit & Smith to pay the liability for them.

You have directed my attention to a cash memorandum book in the Treasurer's office. That book contains, in my own handwriting, a statement of all the cash, or evidences of cash, which I received from Mr. Bliss, upon assuming office, and thereafter. No payments were made to me by Mr. Bliss except those entered in the book referred to. It also

contains a correct statement of the daily business of the office between the dates entered therein, with a view to being copied into a more appropriate book.

It is due to myself to say, that during my terms of office, I had constant apprehensions of some, to me undefinable and undiscoverable errors in my accounts, holding me to greater liability than I believed justly devolving upon me. To provide against a contingency of loss or trouble from this source, hoping at the same time, and laboring to discover whatever wrong could exist, I was induced to make investments, in the success of which I trusted to provide for all official liabilities which might ever be presented against me.

In concluding this communication, I trust I will be pardoned the frank expression of the sincere wish of my heart, that I may be permitted to return to my home, to devote myself to the restoration to the State, as far as in my power, of what I know and feel to be due. I could have no other aim in life until this be accomplished, and to the end that I might be in the midst of a noble and generous people.

J. G. BRESLIN.

Whereas, the undersigned have this day associated themselves together under the general law of Indiana, for the purpose of doing an exchange and banking business in the city of Indianapolis, under the name of the "Central Bank," with a capital of $500,000, the stock of which is owned as follows, to wit:

William Sturges	$100,000
C. Delano	100,000
C. T. Sherman	150,000
O. Bowen	150,000
	$500,000

Now we hereby agree, each with the other, that we will own and hold the said stock in the above proportions; that we will each, by the 15th day of October next, pay upon said stock twenty per cent., and such further amounts as we all and each of us may hereafter agree upon and determine.

That we will not sell, hypothecate, or pledge, said stock, or any interest therein, to any person or corporation, until after an offer to, and a

refusal by the other parties, to purchase and receive the same at the fair value thereof.

That in the case of the death of any of the parties, that the personal representatives of such deceased party, shall and are hereby directed and required to sell at private sale, at a fair valuation, his interest in said bank to the surviving parties. In either case the parties to have the privilege to own and purchase in equal proportions.

That neither of the parties shall directly or indirectly loan or use any money or assets of said bank for his private uses or purposes or become a party or endorser upon any of its discounted paper or securities.

That no part of the earnings and profits of said bank shall be distributed among the parties until the 1st day of January, 1859, but the same shall remain in said bank and shall semi-annually be divided and applied to the unpaid capital stock of said bank.

Stocks of the State of Virginia bearing six per cent. interest, and redeemable in 1887, being provided as the basis for the circulation of the bank, it is agreed that said stocks shall not be sold and other stocks substituted without the consent of all the parties hereto.

That O. Bowen shall be President of said bank until otherwise ordered by the other parties, he shall appoint the Cashier thereof and all other subordinate officers, and is hereby clothed with all necessary powers to put said bank in operation and manage the same.

That the Cashier shall forward at the end of every month by mail to each of the parties a copy of the weekly statements of said bank.

It is understood that O. Bowen and C. T. Sherman are at liberty to transfer or hold in trust for another person one hundred thousand dollars of the stock standing in their names, being fifty thousand dollars each.

New York, Sept. 17, 1853.

(Signed triplicate,)

C. T. SHERMAN,
O. BOWEN,
C. DELANO,
W. STURGES.

I do hereby sell and transfer, to John G. Breslin, fifty thousand dollars of the capital stock of the "Central Bank," at Indianapolis, Ind., standing in my name on the books of said bank, and authorize him, the said

not know that the bank lost through Henry Dwight's connection with it, and never heard of such a loss. The losses during Chittenden's administration arose from Reid and Buell's failure, and probably from other failures; I do not know the amount. Nothing was developed in the course of the litigation, to which I attended as attorney for the bank, to show any connection of Bliss with these losses, or with the bank.

C. L. Johnson first made the proposition to me to go into the Seneca County Bank. I knew Johnson before, and we were intimate. He had been living in Tiffin, and was then a resident of Tiffin. He was connected with Indiana banking—the Elkhart County Bank. He was formerly cashier of the Newport Safety Fund Bank. I do not know, Mr. Johnson's means, then nor now; but he had a good credit, and I suppose possessed ready means. Mr. Johnson was intimate with Breslin, as acquaintance. I know of no business intimacy between them, except in the Seneca County Bank. I know of no facts, showing that Mr. Breslin furnished means to Johnson for his Indiana banking operations, but am morally convinced, that he did so in some manner. I do not think that it was done directly. I do not know how it was done, nor its extent, nor in fact anything except what I gathered from the expressed conjectures of Mr. Johnson himself. These conjectures amounted only to this, that Mr. Johnson told me repeatedly, that he believed Breslin to have an interest in the Elkhart County Bank. The Elkhart County Bank was not sold to any new parties, to my knowledge, but Mr. Johnson redeemed its circulation, after he had bought out the other parties interested, and finally let it go into liquidation, and its bonds were sold out by the Auditor of State in Indiana.

The proposition of Mr. Johnson to me to go into the Seneca County Bank, was made to me at Tiffin, and no one was present. Mr. Breslin was not consulted, to my knowledge. The manner in which we obtained the management of the bank, was an agreement in writing, that the directors, one by one, should resign on being requested by me, and the residue should appoint as I directed. This was done on July 3, 1854. We got the charter and the State stocks only, and in consideration of that, agreed to pay, and did pay, Arnold and Tomb $10,000, and further assumed to redeem the outstanding circulation of the bank, which was then stated to us to be $68,257, and it was so entered in the books, and the State stocks transferred to us, amounting to $68,257.38. It was sup-

posed at the time, that all the circulation would not be presented for redemption, on account of losses, and that a gain of from $5,000 to $8,000 would thus accrue to the new organization. Arnold and Tomb were using the circulation previously. The entry of circulation received from the Treasurer, on page 1 of the journal, means old circulation. The contract for the transfer of the bank was made between myself alone, and Arnold and Tomb. I did not pay the $10,000 myself, nor was it to be paid immediately on the purchase. The premium and interest, as entered on page 2 of the journal, $4,649, I understand to be a part of the $10,000. I do not know how, and to whose credit the remainder of the $10,000 went, as I have not examined the books with reference to the matter. I do not know from whom the $10,000 of additional bonds, as entered on page 1 of the journal, were obtained.

I paid $25,000 in cash, in the notes of the Greensborough, Farmers' and Merchants' Bank in Maryland, and $500 in other money. For the other $25,500, due from me for the $51,000 of stock I held in the bank at that time, my note was discounted, as the books show. I borrowed the $25,000 of the Maryland Bank, by giving my note, payable one year after date at three per cent. interest, I think. There were no endorsers on that note. I obtained this loan through Breslin. Mr. Johnson had arranged for a loan of $50,000, of which I got half, and he the other half The notes of the Maryland Bank were paid out by the bank in the usual business transactions. I did not see Mr. Breslin in relation to this matter until after the loan was consummated. Breslin took my note at Tiffin, and Mr. Johnson's at the same time, he representing himself as acting for Bartlit & Smith, of Columbus, and not for himself. I, at the time, had an impression that Breslin had an interest in the bank, but have no knowledge on the subject. I paid the note given by me to the Maryland Bank, by the return of the notes of that bank. The notes were taken up through the Seneca County Bank, and my note was handed to me by Mr. Johnson, I believe; the whole transaction amounting to this: I gave my note in September, 1854, I think, and got it back on payment in 1855, as before stated.

All the stock C. L. Johnson got of me, was in consideration of his assuming to pay it. I paid all my stock up, $51,000. The $25,500 which I had discounted at the Seneca County Bank, was, after it had been renewed several times, paid by me March 29th, 1856. I paid it out of

my own private funds. I think I was worth $60,000 when I went into the bank. It consisted of accounts, notes, and real estate, located in Ohio, Michigan, Wisconsin, Indiana and Iowa. I made collections from the notes, &c., due me, which amounted to some $30,000 to $40,000, I presume, and sold some real estate, and borrowed some money. I am now indebted some $22,000 in consequence of this transaction. When the bank wound up, I got back money to the amount of stock I held, which was not far from $29,000; I am not certain as to the amount. I got it in money paid out by Mr. Johnson for me, or on my account. The matters between us in relation to this have not been fully settled; and I presume from $8,000 to $10,000 were lost by me in the effort to maintain the bank, and redeem its circulation in 1857. The loss in premium and depreciation of bonds sold, amounted to over $26,000, as I think, all of which will fall upon Mr. Johnson and myself.

At the time the old organization went out of existence, a new bank was organized under the free banking law. The $10,000 of stock subscribed by B. M. Gibson, was on my account. I do not know whether anything was paid in, or what was done under the new organization.

I always suspected Mr. Bliss to have an interest in the Seneca County Bank during Mr. Chittenden's administration. I suspect that Mr. Bliss furnished the money, in part at least, for the first starting out of the Seneca County Bank I suspect it from matters that transpired afterwards, and from the intimate relations existing between Mr. Chittenden and Mr. Bliss. I have learned from Mr. Breslin, that a part of the State stocks, say $30,000 or $31,000, which were in a package with the Seneca County stocks in the Treasury, were taken by Bliss when he left the office, and claimed them as his property. The information I got from Breslin by letter, in reply to an inquiry from me on the subject; and that letter is now in the possession of C. L. Johnson, as I believe. About the time we ascertained that there was likely to be an over-issue in the Seneca County Bank, which we began to suspect when we heard of the Canal Bank of Cleveland developments, and learned the amount of Seneca county notes in the Treasury, I wrote to Mr. Breslin for information, and received the above statement. This was last winter, say in February, or possibly in March. After Chittenden left Tiffin, he went to New York, where he failed. I saw him after he failed. A Mr. Mor-

gan, formerly from Sandusky City, as I learned, was his partner. We exchanged no views upon his failure.

I know of transactions between Breslin and Chittenden, but I am not at liberty to state them, and obtained the facts as attorney of Mr. Breslin. I went to New York and met Breslin there, immediately on Chittenden's failure, which took place after Breslin had become Treasurer of State. What transpired there between myself, Breslin and Chittenden, I do not wish to state, for reasons already given.

In relation to the over-issue of circulating notes, I am in possession of no facts. To my mind the most rational conclusion is, that at some time the Treasurer furnished circulation to the bank without the deposit of stocks, upon the assurance that stocks would be obtained and deposited at an early day. It is probable, that the bank, or parties interested, failed in making up their assurances, and never brought the stocks. It is possible, that at an early period in its business, circulation was furnished and issued upon stocks borrowed from the Treasurer, who appropriated them to his own use, upon failure of the bank to pay therefor, or provide other stocks. I know of no other transaction between Bliss and the Seneca County Bank, except what I have stated. I never knew anything about any State stocks deposited with the State Treasurer during Mr. Chittenden's administration; nor do I know when and how they obtained any of their stocks, or whether circulation was ever furnished before the State stocks were deposited for it, or not.

Richard Williams was formerly county treasurer and auditor of Seneca county. G. Knupp was county treasurer.

I participated but little in the actual business of the bank, while I was President. I did not know the manner or extent of the transactions of Breslin with the bank. I knew that he deposited there. I never had any impression that the stock held by Johnson was really the property of Breslin. I always believed that Johnson owned the stock. I supposed that Johnson had made a good deal of money out of the Elkhart County Bank, and also out of the Newport Savings Institution. A portion of the money paid by Johnson for his stock was Elkhart county money.

The $56,179.58, February 24, and the several entries to the same amount, must have been an accommodation to Johnson by Breslin, by giving him drafts on New York, and taking from him drafts with an

agreement to hold them. I was aware that Breslin was exchanging drafts with Johnson upon some such understanding, but did not know how it was entered in the books; nor do I remember, of my own volition, any particular instance. I do not know whether Breslin ever received any interest, or any other allowance for so doing.

I know that Breslin bought State stocks for our bank; sometimes he would get the money directly, at other times we remitted directly to the persons of whom he purchased. We considered it by far the most convenient and advantageous to the bank to have Breslin buy for us, rather than go into the regular stock market, for the reason that we did not have to send money forward, but could obtain the stocks, and lose the use of our money but for a few days. We also saved brokerage. Mr. Breslin bought of Moodie, cashier, and others, as directed and authorized by the bank. When I took office, Mr. Breslin cautioned me against Moodie, and told me that Moodie was in the habit of getting him to hold City Bank paper, when it had been presented for redemption, he, Breslin, giving Moodie other currency, for it; and then when Breslin would call on Moodie for redemption, Moodie would be hard up, and propose to sell State stocks. These State stocks the Seneca County Bank would get, if Breslin purchased them. I have no reason to think that Breslin ever made anything by these transactions.

As to the Indiana bond of $10,000, and the Virginia and North Carolina bonds of $118,000, I know only that Mr. Johnson was handling bonds of that character, which had relation, I presume, to the Elkhart County Bank, and also to the South Bend Bank owned by Mr. Redfield. Wm. O. Spaythe's name comes up with these transactions, because on Johnson's resignation of the Indiana cashiership, Spaythe became the cashier, and he was Johnson's man in taking up Indiana circulation. Spaythe was busy in this matter all over the West—Illinois, Iowa, Wisconsin, &c I was not aware that Spaythe had received aid from the Seneca County Bank to any amount, for any other bank, or banker, or for himself; nor did I know that the Seneca County Bank was circulating money for Spaythe's bank. W. O Spaythe was at one time cashier of a banking house at Fort Wayne. I never had any conversation with Breslin about his private transactions with the Seneca County Bank, nor about his transactions with it as Treasurer of State, nor with reference to the Indiana banks. I advised with Mr. Borland, the father-in-law of

Breslin, in negotiating for the $3,000 loan he obtained at the Seneca County Bank. I procured it for him, and on its renewal, endorsed for him, and paid the note, or rather, was charged with it.

The transactions between myself as Treasurer of State and the Seneca County Bank, in the spring and summer of 1856, commencing the middle of January, and ending July or August, and amounting to about $300,000. They were exchanges of drafts which I received, as Treasurer of State, from county treasurers or otherwise, and I would hand them to Mr. Johnson, and receive from him his drafts on the American Exchange Bank for an equal amount, with the distinct understanding that funds were provided to meet them on presentation; and with the further understanding that I was to have statements of the condition of the accounts of the Seneca County Bank with the American Exchange Bank; and these statements were furnished me by Mr. Johnson periodically. I know nothing about a note of $35,000 discounted at the American Exchange Bank, of which E. B. Searles was the maker; nor of any North Carolina or other stocks being sent forward to secure such a note. E. B. Searles was teller at the Seneca County Bank, and I would certainly never dream of discounting, or having discounted, any note of that amount, or any thing like it. I was not aware that the Bank was hard up at that time. I had a good deal of trouble to make up the July interest of 1856. The Seneca County Bank aided me by its credit, and through it I obtained a loan of $30,000 from the Ohio Life Insurance and Trust Company. The balance that stood to the credit of the Sinking Fund Commissioners, some $39,000, was also used for the same purpose, and was, with the loan from the Trust Company, not paid till December following, though they held my sight draft for the amount. Wright, Baker and Kimball, were the Fund Commissioners then. The sight draft was on Atwood & Co., and paid, when presented in December. I do not know why it was not presented before. I may have requested them to give me a few days' notice before presenting it, and think that I made that request. Mr. Johnson had no knowledge other than the community generally of the condition of the Treasury. The disbursements were very large. There never was any understanding between the Seneca County Bank and myself, as to remuneration for accommodation, deposits or exchanges of drafts afforded by me to the Bank. After I resigned, Mr. Johnson handed me a deed for the undivided fourth of one hundred and sixty acres of

land, for which I subsequently realized $600; also, for five acres of land near Tiffin, worth $400, which I own still. He also handed me a note either held against me by the Bank or the Railroad Company, of some $3,200; altogether something like $4,000. I never paid the Bank any interest for State transactions. The Bank charged me exchange, but they did not allow or charge any in the cases where we exchanged drafts.

The letter of C. L. Johnson, of Sept. 25, 1856, to the cashier of the American Exchange Bank, about the draft of $30,000 protested, as stated in that letter, relates to the sixty days' draft for that amount given me by Johnson in June, to help me carry the July interest. It was discounted for me by Ludlow. I had received currency from the Bank, for what she owed me, as stated in the letter; and it was not until December following, as already stated, that I paid the draft. That was the loan I got upon the credit of the Seneca County Bank.

I was not the depositor referred to, in the letter of Johnson to Burton Sandy, who made a call for $15,000.

$5,000, I think, is the extent of the currency of the Cumberland Savings Bank ever circulated by the Seneca County Bank, as I am informed by Johnson.

I know nothing of Johnson's connection with the Newport Safety Fund Bank, or McArthur, its president and chief getter up of the Bank. I only know, that he has a large claim against McArthur of some $20,000, and that Johnson has a conveyance for the north-west corner of Main and Third streets, to secure him—the security being estimated to be worth some $10,000 or $12,000. A part of that claim originated from a discount of $10,000, made at the Seneca County Bank for McArthur in 1854, which Johnson has paid, and now holds the entire claim for himself.

I cannot say that Breslin was interested in the Savings Bank of Newport, and have no reason to suppose he was. When the Bank failed, Johnson was cashier of the Seneca County Bank. Breslin sent Johnson a package of some $3,500 of the large notes of the Newport Savings Bank money, and asked Johnson to secure it, which was done. Again, another package was sent of some $700, which Breslin claimed he had overlooked, which was also secured. From this I infer, that parties interested in the Bank at Newport had secured Johnson as its cashier, hoping thereby to secure a circulation and credit for their notes through Breslin in Ohio, and that Breslin had held these notes at Johnson's

request, under an agreement of some kind that they should be secured to him. Breslin wrote, in an angry tone, about McArthur, and insisted that he should not lose anything by said currency.

The Seneca County Bank has lost nothing by its large business transactions with the Mad River Railroad, that I am aware of.

I never had an understanding with the Seneca County Bank, to give its notes a good circulation through the State Treasury, though I did it, as I did with all other Banks if requested.

The statement of the Bank, in a letter dated January 22, 1857, that after February 15 it would have $25,000 with the American Exchange Bank till July, was not based on any agreement made with me, to advance them any such sum, or any other sum. The time drafts referred to in a letter of May 21, 1857, to the American Exchange Bank, were time drafts given me, and are drafts mentioned in my Treasury statement, April or May, as I now think.

Breslin's connection with the Tiffin and Fort Wayne Railroad amounted, so far as I know, to a subscription of $1,000 to its capital stock, which he paid. The company, or contractors, has expended in cash some $150,000, I presume. It is 101 miles long. W. M. Redfield and associates were the contractors. The company of contractors originally, were W. M. Redfield, Joseph Walker, Mr. Gardiner, Mr. Baker, W. C. Hedges, C. L. Johnson, Henry Raynor, Mr. Colt, Mr. Lothrop, and myself. Possibly others were interested. Hedges has bought Walker's interest, as I learn. The agreement was to build the road for $24,000 a mile, and to take their pay in the stock and the bonds of the company at par, and also the stock subscription, which amounted to some $100,000. I do not know how much has been paid. The contractors were to pay the engineer and their other expenses. I do not know where, and of whom, the respective parties obtained the money to make the expenditures they have made. Redfield, Colt, Lothrop, Gardiner, Hedges, Baker and Raynor, were said to be men of large resources, and the other partners, I then supposed, and still consider abundantly able to respond to the full amount they assumed under the contract. The total amount for which these parties were bound under the contract was $250,000. It has never been called for in full. It is my impression, that $150,000 has been called for and paid. It may be more. Redfield is the ostensible contractor, and he has settled with most of the other parties, and they

are released from any further payments. Mr. Redfield is, so far as I know, or believe, entirely clear of all connections and entanglements with Breslin; nor has Breslin, to my knowledge or belief, aided Redfield, or his associate contractors, or any of them, in any manner, direct or indirect, in their contract, or any payments made thereon, with the Tiffin and Fort Wayne Railroad Company. I do not know that Mr. Redfield knows Breslin personally. Breslin has no interest, nor investment in the Tiffin and Fort Wayne Railroad Company, of any kind whatsoever; neither has any money ever gone into that road, or to its contractors, officers or agents, from the State Treasury. This, I know from my knowledge as president of the road, and my connection with the Treasury.

I do not know anything about the indebtedness of the Seneca County Bank in 1849, nor at any other time, to A. A. Bliss, nor how it arose.

Breslin was elected Treasurer in 1851, and entered on the duties of his office January, 1852. I became one of his sureties at Breslin's request. The penal amount of the bond was $250,000. Stickney, Roger, Medary Lugenbeel, Howard, Green, Arnold and Tomb, were co-sureties. There were no considerations for my going on his bond. We were political opponents, and I did not vote for him, neither for his first nor second term.

I knew nothing of Breslin's carrying anything for Mr. Bliss; nor did I know of any defalcation of Bliss; nor did I, professionally or otherwise, know anything of any connection between Breslin and Chittenden. I know nothing of the settlement effected between Breslin and Bliss, and Bliss' sureties through Bartlit & Smith, or otherwise, except what I learned from public documents. Breslin never intimated to me that he lost through Bliss or Chittenden in such a settlement. I had reasons to suspect that the assets received by Breslin from Bliss as money, were not equal to money, and have never been realized. One reason for that was, the continued refusal of Breslin to me to affirm as finally closed and correct his reported settlement with Bliss, or to make any explanation of that transaction to me. At first, after the defalcation of the Treasury was made known publicly, I made efforts to ferret out the whole matter, and retained counsel and expended money to do so; but having been indicted and prosecuted, in my absence from the State, and in violation of what I regarded, and still regard, as pledges of honor on the part of State officials, my plans were defeated, and I have made no further

efforts in that direction. I regard this action as a misfortune to the State, and a gross wrong towards me—not the civil prosecutions, nor the indictment—for I expected, and was prepared for both;—but the time, manner and circumstances, under which they were instituted. I had Breslin here in the State, negotiating for the very exposition which the public is now seeking, and I was aided by men in whose judgment Breslin had confidence, and whose advice he was likely to follow. During my absence, the bill of indictment was found, and Breslin then had absconded. My theory of Bliss' loss to Breslin is, that Bliss was a great speculator, and had got into moonshine investments promising great profits,—that Bliss impressed Breslin with the same ideas,—that on Bliss going out of office, Breslin worked with Bliss, Bliss promising to attend to these matters personally,—that these investments proved losses,—and that during 1854, Breslin might have lost in several Indiana Banks. I believe also, that he lost in Ohio Banks, and especially the Canal Bank of Cleveland. My understanding is, that the Akron Branch Bank, and the Canal Bank, with the Commercial Bank of Toledo, were owned and managed by the same interest; in fact, Breslin informed me so himself; and I believe, that Breslin was induced to receive Stock of the Canal Bank of Cleveland, and of other Banks, for money he let some of the parties have. I know that McMillan went to General Perkins, and told him, that he had a friend who wanted to sell $30,000, I think, of the Stock of the Canal Bank of Cleveland. General Perkins expressed a willingness to do so, and was informed that the friend was Breslin. Before Perkins closed the sale, the Bank failed. This I learned of Mr. Perkins. Joseph S. Lake, as I learn, had been the owner of the Canal Bank of Cleveland, and stood in the most intimate business relations with Matthew Johnson, McMillan, and their respective Banks. Breslin never informed me of any of his losses.

I had no transactions with Wash. Cones. The Akron loss arose in this wise. Breslin made a loan to the Cleveland, Zanesville and Cincinnati Railroad Company, for which he held a draft on Atwood, Dunlevy & Co., in New York, payable to the order of the Akron Branch Bank, and endorsed by its Cashier. In some way the Bank was released, and Breslin held the Railroad Stock as collateral security. I learned the Akron loss at the time the Bank failed, which was sometime before I become Treasurer. I knew through this transaction, that Breslin was

probably using the public money, before I become Treasurer, but I supposed it had all been arranged and closed.

I have said and believe, that the losses of Breslin, through Reznor, were larger than they have been stated by Breslin.

I became Breslin's bail for his second term, without the slightest suspicion that anything was wrong. I never asked him any question, and he never communicated to me any loss he had sustained, or any difficulties under which he was laboring, except as before stated.

I was at the Republican State Convention, at which I was nominated for State Treasurer. I do not know that Breslin and his friends electioneered for me, though I would think it very natural that he should do so as an old friend.

Between the election, and the time I entered upon the duties of the office, no communication of any kind was made to me by Breslin, which would make me think or even suspect, that I should in any manner aid Breslin after I came into office, in carrying any deficit in his funds, or that there would be any difficulty in closing up his accounts, and paying over any balance found due, except as follows: Shortly before taking office, I met Breslin in Columbus, and with him called on Hon. C. L. Vallandingham, of Dayton, at the Neil House. Before so calling, Breslin advised me of the claims reported as suspended, and also of the debt due from the Dayton Bank. Mr. Vallandingham was the attorney of Beckel or the Bank. I then agreed to take the certificate of the Bank, if secured beyond doubt, and favor the Bank as much as possible by holding the certificate.

On assuming office, we ascertained the balances from the books of the Treasury, which balances did not include any advance payments made by County Treasurers in December.

I was aware that there had been such advances, and I inquired about them, and ascertained their amount from the books which contained the account. Breslin paid me the balance found due, excepting these advances. The amount paid me was $353,865 34. It consisted of currency, all kinds of current Bank notes, certificates of deposit, drafts on Bankers in New York; also, some certificates for advances made from the Treasury on the State House, to Mr. Derby for school libraries, and other items, which were available to me as cash.

Besides this payment to me, I knew that there were outstanding certificates issued by Breslin to County Treasurers to the amount of $760,-715 70, which I was bound to receive from the Treasurers as cash on their final settlement, and for which Breslin was liable to the State.

I had the first conversation with Breslin about this amount some time in March or April, when I insisted upon an adjustment of the matter. He told me he was at work getting things into shape, and that I should not be embarrassed in regard to it. I became very apprehensive, but demanded no explanations from Breslin, nor did I seek them from any other source. I do not know where Breslin was, when he was absent, but suppose he was at Maryland during the winter and spring. I was so informed by some one in the family. Breslin and myself met but two or three times in 1856. I was busy in the political canvass, and threw this trouble off my mind. I was mostly in other States, and gave little personal attention to the office. I was in Columbus not more than three or four days during a month. I became satisfied, in December, 1856, and early in January, 1857, that Breslin could not meet these balances. I had trouble to meet the July interest. I had relied upon Breslin to furnish me some funds for this purpose, and never learned that I would be disappointed, until I returned from the Philadelphia Convention. I saw Breslin on my return, about June 20th. He told me he had been disappointed, but expressed a most positive assurance that at an early day it would be settled. He gave me no money at that time, nor did he aid me, by his credit or otherwise, to make up the July interest; nor has he paid me anything since. My fears gradually ripened into a conviction, that Breslin was unable to pay the sums due from him. I never communicated my fears to any living soul on earth, not even to my family, or any of them; nor did I make any intimations to any person. I intended to make a public announcement after the adjournment of the Legislature, but not until then, nor until I had obtained from Breslin the assets in his possession representing the missing funds.

I then believed, and still believe, that the best interests of the State would have been promoted, had I been permitted to carry out my purpose, and that I was acting for the best of the State. I was fearful that an exposure or any violent proceedings, would put Breslin on the defensive, and that myself and securities, including Breslin's sureties, were likely to suffer losses by pushing Breslin, and those behind him, to the

wall. I judged that any assets Breslin might have, would certainly not be improved by such measures; and it was reasonable to suppose that Breslin must have investments which would be seriously jeopardized and reduced in value, by a public announcement of his defalcation.

I resolved that I would not attempt to carry the July interest of 1857, and tax my own credit for it, or that of my friends. I did not say so to Breslin until after I resigned. He was absent at the time of my resignation, and for several weeks previous. I met Breslin in Minnesota at St. Paul, but had no conversation with him upon this subject, except asking him when he would be at home. He did come home and waited for me a few days, but left again for Missouri, or Kansas, or Nebraska, before my return. I am not aware that Mr. Breslin had any investments, in lands or otherwise, in Minnesota, or anywhere at the West, except I have been told he owned some lands in Livingston county, Illinois. He owns a house and lot in Tiffin. Neither do I know that he has any, from him, or otherwise.

Before Mr. Breslin went into the Treasury, I believed him to be worth $5,000 or $6,000, invested in his printing press, notes, accounts, &c. I believe he owned no real estate. I did not know, neither did I have any reason to suspect or believe, that Mr. Breslin, during his first or second term of office, was using the funds of the State in an improper manner, nor in any way but in legitimate official transactions, except as hereinbefore stated; and on my accession to office as his successor, I implicitly believed he was prepared to pay over at once all the moneys shown by the books to be in his hands, or due from him to the State; and although he did not promptly pay over, I did not suspect it was because he had placed the funds beyond his reach or control.

I never asked Mr. Breslin to exhibit to me any statement, or to make any explanation as to the reason why he did not pay over to me the moneys due from him, nor did I ask him to tell me where they were, or in what kind of security, or paper, or condition, or in whose hands they were, until after I went out of office; and on my demanding such statements and explanations, he declined making any, and has not made any up to this time; and I am yet in as perfect ignorance of his affairs as I was at first, except as to my conjectures hereinbefore stated.

Question. In your statement to Mr. Kelley, March 14, 1856, you state the sum in the Treasury to be $1,004,225.22; and in answer to a ques-

tion by Mr Sparrow, as to the truth of that statement, you reply that you "treated the liability of Mr. Breslin as cash items." Will you point out what particular items of that schedule represented the liability of Mr. Breslin which you treated as cash?

Answer. From present recollection I am unable to state how that statement was made up, nor can I indicate an item that was not correctly stated except the cash.

Question. It appears that the cash stated as on han
$269,575.60, so that over $300,000 of the other items must have represented Mr. Breslin's liability. Can you point out those items?

Answer. I can not.

Question. Did any of them represent the liability of Mr. Breslin?

Answer. It is possible they did. The balance reported in the Treasury was no doubt as it appeared in the books, but the amount then in my hands, from advances made by county treasurers, and from other sources, and with which I was not charged, I cannot state. It is possible the advances on account of canals, state house, &c., were not so large as stated. I may, at that time, have been largely indebted to banks and bankers, growing out of exchanges. But it is out of my power, to state from recollection, nor do I know of any means of obtaining full information as to the statement referred to, or the several items mentioned in it; and the same answer will apply to the other statements I made during my term of office.

In the statement of moneys received by me from Mr. Breslin, made to Mr. Kelley, March 29, 1856, the amounts as stated to have been received from him, on

January 15, 1856, of	----------	$24,703 92
" 18, "	----------	59,977 08
February 6, "	----------	29,345 82
" 16, "	----------	6,278 46
" 16, "	----------	35,634 57
March 3, "	----------	174,917 20
" 5, "	----------	151,379 13

were not paid to me, and were not made up from any statements, memorandums, or data whatever, from Mr. Breslin, or from any other source, but were put down solely for the purpose of giving plausibility to the statement.

In the sworn statement made by me on the 9th April, 1857, being an abstract exhibiting the condition of the Treasury on the 7th of that month, published as required by the act of March 30, 1857, was stated the true condition of the Treasury at that time; for, by correcting the error in the deposit account with the Trust Company, from $47,450.09 to $7,540.09, and adding together the drafts, evidence of debt, &c., and deducting that amount from the amount which the books showed should have been in the Treasury, the real defalcation, $571,981 02, would have been apparent. I made that statement, intending it to be a truthful representation of the then condition of the Treasury, for I anticipated some action upon it by the legislature, and was determined that that statement should make known the actual condition of the Treasury, as far as I knew of it. I was never questioned as to whether the balance shown by that statement, as corrected above, or as made, was cash in the Treasury. Had I been so questioned, I should have answered that the money was not there.

Since the prosecution was commenced against me, I have acted entirely upon the defensive, and have made no effort to induce Mr. Breslin to make any disclosures or explanations in relation to Treasury matters.

In explanation of the issue of $34,657 of the circulating notes of the Seneca County Bank in April, 1857, not charged to the bank, and for which no bonds were deposited, I have to say that I was not aware of any such issue, neither did I authorize it. I was requested by Mr. Johnson to purchase for the bank some bonds to be deposited for circulation, with authority to draw upon him for the amount; and I did purchase about $5,000, and I think directed Mr. Spaythe, then the clerk in my office who registered the circulation, to issue that amount, and directed him to register $30.000 or $40,000 in anticipation of deposit of bonds. During my absence, this excess, or most of it, was issued by Mr. Spaythe through a misunderstanding, without any authority from me, and delivered to Mr. Johnson. As soon as I ascertained the over-issue, I advised Mr. Johnson that I had not purchased the bonds, and requested him to return the notes, which he did, to Mr. Stone, my successor, and they were burned.

The balance standing to my credit as Treasurer of State, on the books of the Seneca County Bank on the 25th of April, 1857, the time it transferred its business and accounts to the new organization, of

$31,892.69, was drawn out by me as Treasurer, and applied to the payment of State indebtedness; in fact, when I went out of office, my account, as Treasurer, with that bank, was overdrawn about $1,000.

In reference to the placing of $100,000 of the bonds belonging to the Seneca County Bank, by me in New York, as full and correct an account as I can give, has already been given in my testimony before Mr. Sparrow, the special commissioner, and I can but repeat that testimony in answer to any questions touching that transaction. The $100,000 placed with the Trust Company by Mr. Wright, the Auditor, has been made available for that amount in cash to the State; the balance of about $32,000 belonging to the bank, which was in New York at the time of my resignation, has been paid by me to C. L. Johnson acting for the bank, and the bank has released the State and myself.

During my term of office, I did not, in any way, use, invest, or loan, one dollar of the public moneys in any way not authorized by law, or in any manner divert any portion of it from its legitimate uses. There is not now owing to me, by any corporation or individual, any sum of money belonging, directly or indirectly, to the State. During my term of office I made no loans of Banks, by depositing the currency of Banks as collateral, of which I was the custodian of the stock; neither do I know of such loans having been made by Breslin. The draft of the Clinton Bank of Columbus (acceptance waived), on Atwood & Co., February 4, 1856, at three months, for $60,000, held by me on the 14th March, 1856, was returned to the Bank, and exchanged for currency and other drafts. I presume there may have been more than one draft. My connection with Bartlit & Smith was no more, and to no greater extent, than a necessary convenience to the daily business of my office; and all the transactions between us will appear on their books and those of my office. There were no outside transactions, investments, or speculations, between us, and they are not now, directly or indirectly, through me, indebted to the State of Ohio; and I might say further, that at the time of my resignation, I was indebted to them some ten or eleven thousand dollars for moneys used by me in the necessary disbursements of my office, besides a three thousand dollar draft drawn by me as Treasurer of State, which they still hold. I have paid them all except the draft aforesaid. To pay the amount advanced to me by Atwood & Co., who claimed a lien upon

the State bonds in their hands, I transferred and placed in the hands of Mr. Ludlow, cashier of the Ohio Life and Trust Company, in pursuance of an arrangement with Mr. Wright, the Auditor of State, certain securities in my hands, the property of the State, which were received by the Trust Company by virtue of that arrangement, and the amount due to Atwood & Co. paid by Mr Ludlow. While endeavoring to effect this arrangement by my own efforts, I offered Mr. Ludlow certain collaterals, my private property, among which was $31,000 Tiffin and Fort Wayne Railroad bonds then and now owned by me. The arrangement effected in conjunction with Mr. Wright, obviated the necessity of the pledge of that part of my private property.

I was a party to a proposition for a compromise made last winter to the State, in behalf of the securities of Mr. Breslin, and myself and my own securities. I corresponded with him upon that subject, and visited him twice in Canada,—the first time in December, 1857, and the last time in March, 1858. The proposition, or the idea of making it, originated with the securities, and the object of my correspondence and interviews with him, was to ascertain the amount he could probably obtain and secure to the State within a reasonable time. He fixed upon the sum of $250,000, alleging he could not pay a larger amount, or to use his own words, that a large amount of the "traps" he held were not worth ten dollars on the thousand, and that to secure that sum he would have to sacrifice everything he had. He expressed a willingness to return to the State, and to co-operate with the sureties to effect their purpose, if he could be permitted to do so. The proposition was in substance that authorized by him, as communicated to me by letter, which letter can be had by the Commission if yet in my possession. Mr. Breslin never fixed upon $400,000 as an amount he could realize and pay, neither did the bail even among themselves entertain the idea of paying that amount, nor was it discussed among them, nor any other sum. Mr. Breslin expressed a willingness and anxiety to return to Ohio, believing, as he said, that in ten or twelve years he could reimburse the State in full. To urge the proposition upon the State, we obtained the assistance of R. G. Pennington and Thomas H. Ford. The assurances given to me by Mr. Breslin, were the only evidence I ever obtained from him of his ability to procure the $250,000, for I possessed no personal knowledge whatever of the precise character of his means. He gave me no schedule, nor state-

ment, nor memorandums, in writing of their nature; neither did he state to me verbally what they were.

Mr. Breslin declined to surrender to the State what he has, for the reason, as stated by him, "that if the State had all he could hand over, but little could be realized for the State; and neither his position, nor that of his bail, would be benefited thereby." He claimed that his personal attention and exertions were essential to realizing any considerable sum from his assets, and these he could afford, if allowed to return to the State. I have had several interviews with Mr. Borland, here and elsewhere, upon the subject of Mr. Breslin's difficulties. I never have been with him to Lancaster, or Tiffin, or to Cincinnati, nor to any other place, by appointment or otherwise, upon any business or negotiation connected with Mr. Breslin's affairs. Neither of us have ever had any meeting at Cincinnati, or elsewhere, to consult or arrange, in any way, any of Breslin's or my own affairs, or to consult upon them.

In my interviews with Breslin, when the subject of compromise with the State was first talked of, I urged him to make a proposition to pay the State $400,000 or $500,000, in ten or twelve years, in annual payments, and to obtain a release from further liability; but Breslin seemed to think it impossible, and it was finally concluded to fix the same at $250,000, at short time, without any release from the State to him from further liability, if he should eventually be able to meet it. He did, however, make a distinctive proposition to pay $400,000 in ten years, if he could be fully discharged from all liability to civil suit or criminal prosecution, but this proposition was not favored by myself or other parties consulted.

I had confidence in Mr. Breslin's ability to meet the $250,000 in a few years, for the reason that the nominal assets which must be on hand amounted to near six hundred thousand dollars, in which amount it was reasonable to suppose, that with the co-operation of his securities, the amount could be realized. I have no longer the confidence in Mr. Breslin's word I once possessed.

I am not aware that my suspicions that Mr. Breslin had connection with the Bank at Greensborough, Md., made any impression upon my mind; nor did the fact that he represented himself as acting as the agent of Bartlit & Smith, in making a loan of $25,000 of Greensborough, Md, to me, excite my suspicions; and the fact of Mr. Breslin's failure to pay

over the balance standing on the books, and the amount received by him from the county treasurers in December, 1855, immediately upon my taking the office, did not excite suspicion in my mind at the time that he was unable to do so. I had no knowledge of his connection with Banks in Indiana, and my suspicions that he had such connection, did not lead me to suppose that he would be unable to pay the balances against him, as I then supposed, and still think, most of the parties interested in these Banks made money by their failure. From my knowledge of the character and present circumstances of Mr. Breslin, I believe he will not make any disclosures, and that if any are made they must be dependent upon the acceptance by the State of some proposition from him by which he can be permitted to return. I do not think any effort or desire on the part of his securities, for their protection in any manner, hinders or delays, or embarrasses him in making such disclosures. Many of them, I know, are anxious to have him disclose. Mr. Breslin denounced, in bitter terms, parties in Ohio in whom he had confided, but who had betrayed and refused to aid him, and threatened, if he could be permitted to return, he would make some men "howl."

In my testimony, I have made no evasions nor concealments, nor have I any mental reservations. I have not endeavored to avoid stating any facts, or making any disclosures; nor have I worded my replies so as to mislead or misdirect inquiry, but have given all the information I possess, that has reference to John G. Breslin in the premises, or to my own transactions as Treasurer of State,—stating everything I know as to his present means and assets either belonging to him or the State, and all my knowledge of Breslin's affairs and conduct, as fully and clearly as I am able.

W. H. GIBSON.

On the 6th of August, 1858, in continuation of the above testimony, Wm. H. Gibson further stated:

I held two shares in the contract for the construction of the Tiffin and Fort Wayne Railroad, which was one-fifth of the entire contract, on which I paid forty thousand dollars in cash, except as detailed in this deposition. The first payment was made, I think, in May, 1854, and was about $700. The payments would probably average $600 or $800 per month, running through a period of forty months; and I have no recollection of

borrowing or making any loan for that specific purpose. The May of 1854, above stated, was the May preceding the July in which I became president of the Seneca County Bank, after its purchase of Toomb & Arnold, as detailed by me in this deposition. I held both these shares in my own right, and there was no other person or party in interest, directly or contingently. In making the payments on these shares, Mr. Breslin made no contribution or loan, nor furnished any part of the money, and had no interest, directly or indirectly, in it; neither is he to have any interest in the road or the contract, with me or through me. The forty thousand dollars paid in by me, has all been realized as cash. In addition to the interest I took in the contract as above stated, I had also subscribed $30,000 stock in the company, a part of which only I have say about $10,000. I paid toward my contribution as one of the contractors, and on my stock subscription, a considerable amount by my personal services as president of the road, and as agent for the contractors, I think from $10,000 to $15,000 I never expected to pay the full amount of my stock subscription, but took it to make up the requisite amount of $100,000. I never bought or sold one of the bonds of the company, neither was I ever solicited to buy or sell any of them. There have been issued $300,000 in all of first mortgage bonds, of which I hold 60,000, the coupons up to July, 1861, having been taken off and returned to the company last spring. There never was $600,000 of the first mortgage bonds issued, neither has it been proposed to issue $600,000. All the amount issued at this time is, as stated, $300,000. The residue of the bonds are held, and to be used by the president of the company for the purchase of iron, and a small amount may have been issued for that purpose, or the payment of interest.

The $32,128, and interest thereon from January, 1857, being the amount for which the Bank released the State for its Bond deposited, was paid as follows, as nearly as I can now state without reference to memorandum books: In the course of the summer and fall of 1857, I paid to the Bank a considerable portion in cash, in sums of from $500 to $1,500 at a time. About the day the release to the State was executed by Mr. Johnson, I paid between $5,000 and $6,000 in cash, and drafts on time of Bartlit & Smith for over $9,000. The whole amount of the $32,128 has been paid in full. Bartlit & Smith paid no part of the amount, except through me.

In the fall of 1856, under an arrangement made by me with B. E. Smith, of the firm of Bartlit & Smith, $41,000 of the Seneca County Bank Bonds of 1860, and $31,000 of the Bonds of 1856, were sent to John Thompson, of New York, with authority to sell and apply proceeds in the purchase of Bonds of 1886. The Bonds of 1856 were paid January 2, 1857; but when the Bonds of 1860 were sold, I cannot state. Thompson purchased $150,000 of the Bonds of 1886, of H. A. Johnson & Co., at a premium of seven per cent., at the instance of Mr. Smith, for me, I stating to Mr. Smith that the Bonds thus purchased were for the Independent Banks holding Bonds of 1856. Thompson's purchase amounted to over $160,000, and was paid by the sale of the $31,000 Bonds of 1856, and about $41,000 of the Bonds of 1860, sold him as before stated, and by my check on Atwood & Co., for $81,000, and for the residue I settled in cash for Mr. Smith, 2d January, 1857. $115,000 of the Bonds of 1886, were delivered to me, and $104,000 were transferred to the Seneca County Bank, and sent to the Treasury at Columbus. $11,000, I handed to Mr. Wright, the Auditor, in exchange for Bonds of 1856, belonging to the Champaign County Bank, and drew on H. P. Espy, Cashier, for the premium.

I was informed, at the time the $115,000 were delivered, that the bonds of 1860 were not then sold, and was asked to allow the $35,000 of 1886's to remain with Thompson until the bonds of 1860 were disposed of, which I consented to do. Pressed by private and official business in the winter and spring of 1857, and being absent for a month prior to June, I had not thought of the bonds so left with Thompson. After I resigned, I called Mr. Smith's attention to the matter, who met me in New York in June. He said he was assured that the bonds would be delivered in a few days, and left for home, I remaining in New York. I soon became fearful that Thompson had used the bonds. He failed soon after, and the bonds had been hypothecated, and could not be obtained At my earnest request, Mr. B. E. Smith acted for me in securing from Thompson the value of these bonds, and having devoted much time to the matter, he last winter reported all secured except about $2,600, for which I hold the obligation of Adams, assignee of Thompson. The amount paid and secured to me, was paid over to Johnson for the Bank as above stated. Of the $35,000 so left with Thompson, only $32,128 belonged to the Seneca County Bank. The money in the hands of Atwood & Co.,

with which I paid Thompson the balance due on the purchase of the 1886's as above, was the money of the State, deposited by me with them as Treasurer. This money was refunded to the State by me, by the proceeds of bonds belonging to the following Banks, which were deposited with the Trust Company for payment of January interest, 1857, to wit:

Seneca County Bank Bonds	$14,000
Champaign County " "	11,000
City Bank, Cleveland, "	16,000
Miami Valley Bank "	5,000
Franklin Bank, Zanesville, Bonds	13,000
	$89,000

Question. By whose authority were this $100,000 of the Seneca County Bonds of 1886 transferred to Atwood & Co., on the 1st of June, 1857?

Answer. The old Seneca County Bank had determined to close its business and certain parties proposed to organize a new Bank with $50,000 capital. It was the purpose of the parties to keep out the circulation of the old Bank, and to realize the interest on its bonds. For that purpose the bonds of 1860, or domestic bonds, would answer as well as the bonds of 1886, and a sale of the latter, and investment in the former, would realize a premium of some $10,000.

From repeated conversations, as well as by letters from Mr. Johnson, I felt fully authorized to dispose of the bonds of 1886, and to purchase in their stead bonds of a less value. I know I had such authority, and am confident I had it in writing. Mr. Johnson and myself were authorized by the directors and president to take such steps as were necessary to replace the bonds maturing in 1856, and to purchase bonds of such issue, and from time to time, as might become necessary in carrying out the plans before mentioned.

Late as May, 1857, upon my return from the northwest, where I had been spending several weeks, I sent the $100,000 of 1886 to Atwood & Co., saying they were for sale, and that I should draw against them for a certain amount. I stated, I think, that we expected a premium of at least seven per cent., exclusive of interest. They advised me that my drafts would be honored, but as that only six per cent. had been offered,

they would hold the bonds until further advice. I advised them to hold the bonds. They were never sold to Atwood & Co. I learned late in June, that the whole amount had been transferred to them, and they had used about $40,000 as collateral for a loan at the American Exchange Bank. The whole amount of drafts paid by Atwood & Co , after these bonds were sent to them, was on account of disbursements at the Treasury. Two drafts were protested by them—one of about $1,500, which I have since been compelled to pay ; and one of $3,000 held by Bartlit & Smith. The amount drawn upon Atwood & Co., against these bonds, was about $60,000, and drawn by me as Treasurer of State.

Question. If, when you forwarded these bonds to Atwood & Co., you advised them you should draw against them, were they not sent forward rather to raise money than for sale?

Answer. My object in sending forward these bonds was as before stated. As I understand it, Atwood & Co. were not authorized to sell them, as I had advised them not to do so. The Treasury was in great want of funds, and as matters resulted, it was replenished for a few days upon the credit of these bonds.

I was no party to the arrangement by which Atwood & Co. were reimbursed for the advance made by them as stated, and which resulted in the transfer of these bonds to the State or the Trust Company. Mr. Wright, the Auditor, and Mr. Ludlow, the cashier of the Trust Company, perfected that arrangement without consultation with me. I admitted my liability to the State, as growing out of the transaction, to the amount of about $40,000, to meet which, I endorsed and transferred to the Trust Company,

Drafts of the Seneca County Bank on the American Exchange Bank	$22,000
Draft of Kimball & Co., on American Exchange Bank	10,000
Draft of W. C. Hedges & Co., on Atwood & Co	5,000
And in cash	10,861
	$47,861

All of which have either been paid to the Trust Company or the State, or which they still hold. This is all I transferred to the Trust Company for this or any other purpose. The above $47,861, I treated as the property of the State, and it was turned out as such. In what manner the

balance due Atwood & Co. for their advance of $61,000, after paying the above $47,861, was paid, I do not know, as I had nothing to do with it. I have been informed that they were paid in cash by the Trust Company, under some arrangement between Mr. Ludlow and Mr. Wright, the Auditor.

Question. What was the amount and character of the loan made by you to E S. Hamlin, and how paid, and when?

Answer. In September, 1856, I think, I loaned to E. S. Hamlin $12,000 at ninety days on draft of Hydraulic Company, endorsed by J. G. Young, E. S. Hamlin and Joseph Cooper. Late in the winter following, I let Hamlin have $12,000 more on his sight draft on E. V. Hamlin, New York. These amounts belonged to me, and were of my own funds, or of funds held by me as guardian of the heirs of Richard Williams and Jacob Fleming, except about $4,000 on draft of E. S. Hamlin, which was of public money. Some time during the winter of 1856–7, I let Hamlin have $5,000 or $6,000 more for himself on his sight draft. The latter was also from funds of the State. I had the right to forward the draft at any time, and to withhold an amount sufficient to meet it, from payments accruing to him as contractor on the Miami and Erie Canal. Soon after I resigned, Mr. Hamlin sent me in New York $4,861, which I paid to the Trust Company. I obtained through Mr. Johnson, the draft of Harper, Ayer, Robert & Co., on Atwood & Co. for $3,000, and paid for it by Hamlin's paper, and $3,000 beside was paid to the Trust Company, as cash from the proceeds of Hamlin's paper also; making in all, $10,861 paid to the State from the Hamlin loans. I cannot now detail all the circumstances of these transactions. The matters between Hamlin and myself were settled last December, I having, previous to that, left the claims with Johnson & Co. (C. L. Johnson being one of the Company), as collateral for advances made on my account by them. One of these advances was $10,000 to Redfield under the railroad contract; another, to Mr. Renninger for an official draft of mine for about $1,500; another, for a debt of about $1,500 to the Norwalk Bank; and another for a debt of $1,700 to S Arnold. Johnson & Co. made other large advances upon collaterals named above, and others delivered by me to them. At the time Hamlin settled with Johnson & Co., he gave them two drafts on his brother in New York, due January 1, 1858, amounting to $5,000, which

were not paid at maturity, and the balance was secured by the pledge of the stock of the Hydraulic Company.

The drafts of E. S. Hamlin on the Hydraulic Company were never endorsed or transferred by me to the Trust Company, or in its possession otherwise than this: They, with some other papers of mine, were left in a package at the office of the Trust Company, simply as a special deposit to be handed over when called for, and after the failure of the Trust Company, I obtained possession of them by legal proceedings, and on the testimony of Mr. Ludlow that the Trust Company had no interest in them, and was not aware that any other party claimed any interest in them, or right to their possession.

The loan of $25,000 of Greensborough money, obtained by me through Breslin, was repaid in cash; and although paid in Greensborough money, it was the same to me as if the payment had been made in gold to the same amount, as the payment was made in the redeemed circulation of the Bank, effected by my own means, without any aid, or assistance, contribution, or relief, from Mr. Breslin.

There was no surrender of Seneca County Bonds by me as Treasurer, to the Bank, during my term of office, and but few, if any, transactions in the bond account.

I have to say, in further explanation of the transactions with E. S. Hamlin before stated, that the moneys were paid to him in the city of Columbus, and *all* probably in the Treasurer's office. I kept all, or most of my private funds, as well as notes, deeds, mortgages, and private papers and correspondence, in the Treasury vault, in a small *tin box*, which was and is my own private property.

Question. Did you take that money out of that tin box?

Answer. I will state, that according to my best impression, I did in every instance. It might have been paid to Hamlin in part by drafts either on the Trust Company, Cincinnati, or on J. G. Young, cashier, or upon Atwood & Co., but if so, the amount was replaced from my own funds kept as I have stated.

Question. Did you keep a regular account of the moneys of the State in the inner vault, and did you know, by actual count, the amount of the moneys therein; and how often did you make such a count of the moneys as would determine the precise amount?

Answer. I did so frequently, but how often, or the result, I cannot state, either from recollection, or from any statement at my command.

I attempted to keep my private funds distinct from the public funds, but found it difficult to do so, and believe I made no attempt to do so after April, 1857. I often used private funds to meet a public debt, and sometimes I may have used public funds in paying private liabilities. I never took a cent from the vault for my own salary, but always receipted for it.

If I gave Mr. Hamlin any drafts, they were drawn upon public depositories, and were paid by public money. In making an account of the money in the Treasury, I never counted anything as money except it was public money, and never included my own funds in any account of the public money.

Mr. Hamlin did not assign to me, at the time of making application for his loans, any reasons of a public character, and no reasons of that nature operated with me in making the loans, as I considered it a transaction of a private nature entirely. When first spoken to upon the subject, I did not even know of the existence of such a Company as he represented. The rate of interest to be paid me was six per cent. per annum. I entered in my memorandum of accounts, the statement that the money loaned Hamlin was the money of the heirs of Richard Williams and Jacob Fleming, and that the drafts of Hamlin represented their interest, or were their property.

I do not know who compose the firm of Johnson & Co. Charles L. Johnson is one of them. The Company I do not know. I am not one of them.

W. H. GIBSON.

Additional testimony of W. H. Gibson, taken December 31st, 1858.

I know of no business intimacy or connection between John G. Breslin and C. L. Johnson, except that particularly stated heretofore in my deposition, as arising out of transactions with the Seneca County Bank. I know of no other, even in connection with that bank, except as I have heretofore stated and explained.

Question. You state, in your previous deposition, that your note of $25,000, given to the Farmers' and Mechanics' Bank of Greensborough, was paid by you by the return of that amount of the notes of that bank;

and you state further, that those notes were received by you from the Seneca County Bank; now how did you pay the Seneca County Bank this sum?

Answer. Without an examination of the books of the Seneca County Bank, I cannot give a history of this payment. The bank received the Greensborough notes, and discounted their circulation. In taking them up, I presume I was charged with the amount, and that amount I paid to the Seneca County Bank in some manner which it is impossible for me to explain without reference to accounts not now at my command. I gave my note, which I presume went to the bank at Greensborough, and got the $25,000, which I paid on my stock in the Seneca County Bank. I paid the note in the currency received on it, as agreed, and made good the amount to the Seneca County Bank, through the medium of which the Greensborough notes had been taken from circulation. I am positive I paid the Seneca County Bank the money, but not on any one day, the payment being made from deposits to my credit in the bank, against which the $25 000 was charged. This payment of $25,000 was in addition to the $25,500 paid on my original stock subscription.

Question. Is this latter $25,500 then, the $25,500 which you state in your deposition had been discounted at the Seneca County Bank, and which, as you state in your deposition, was, after several renewals, paid by you March 29, 1856, and which you claim was paid by you out of your private funds?

Answer. It was,—and I have to state further, that all these payments were from my own private funds—the total amount paid by me being $51,000 in cash.

Question. Did you obtain from John G. Breslin, directly or indirectly, any portion of the sum, or any aids, or assistances, or facilties, by or through which you were enabled to make these payments?

Answer. I did not.

Question. In your former deposition, when reviewing it, you erased the following words: "twenty-five thousand of the stock I held in the Seneca County Bank, was placed as collateral in the Greensborough Bank, to secure my note;" why did you erase these words?

Answer. Because there was an agreement to that effect, but it was not carried out, about which I was uncertain at the moment the declara-

tion was made, and therefore altered the deposition, on reading it, to conform to the fact.

The amount paid to me by Mr. Johnson, when the Seneca County Bank wound up, of $29,000, as stated in my former deposition, was in addition to the sum of $32,128 paid for me by the bank, for its stocks taken or sent to New York. These transactions will probably appear upon the books of the new Seneca County Bank, or of C. L. Johnson.

Question. How did the Seneca County Bank aid you by its credit, in obtaining from the Trust Company, at New York, $30,000 in June, 1856?

Answer. The Seneca County Bank gave me, in June, 1856, its draft on the Trust Company for $30,000 at 60 days, payable to my order as Treasurer of State, and endorsed by me as such, which the Trust Company discounted, and placed the proceeds to the credit of the Fund Commissioners. At the time of obtaining this draft, I gave the bank my check for the amount, and paid it to them as Treasurer of State. Afterwards, Johnson, the cashier, paid me $30,000 in currency, or in some manner, and I agreed to pay the $30,000 draft to the Trust Company in New York, but which I did not do until December or January following; in the meantime using the currency in the daily transactions of the Treasury. This is my recollection of this transaction. John G. Breslin was with me in New York in July, 1856.

Question. Will you state what amount you borrowed at that time of John Thompson, and on what collaterals; and did Breslin participate in the negotiation of the loan?

Answer. I never made a loan of any amount with John Thompson, nor did I ever have a business transaction with him. B. E. Smith, of Bartlit & Smith, advanced to me, as Treasurer of State, at that time, $54,000, which I have been informed he obtained of or through John Thompson. I furnished Smith the collaterals to obtain this loan. Of what they consisted, as at present advised, I decline to answer. I decline to answer. I decline to answer, because, without seeing my counsel, I do not know but the answer might affect me criminally. I am not aware that John G. Breslin participated in the negotiation of this loan, or knew anything of it. I never had any conversation with him in relation to it. On my way to New York, either at Cleveland or Dunkirk, I fell in company with Mr. Breslin. I had no arrangement with him to meet me in

New York, but I had with Mr. Smith, having advised him that I might be short in funds necessary to meet the July interest, and would need his assistance in obtaining them. Neither I, nor Breslin, nor Smith, to my knowledge, had any amount of Ohio, Domestic or Foreign bonds. I have heard or know something upon the subject, but cannot state it for the reason that I might be criminally affected by it. I never heard of Breslin's having any, of any kind. I never exchanged one word with John Thompson upon a business subject, nor did I ever receive a letter from him on such a subject. I do not know of his applying to B. E. Smith for the return of any money advanced to the Fund Commissioners or other persons. The loan from Smith, or through him, was paid to me in Thompson's check of $54,000. I never knew that he sought to obtain the return of the check upon any grounds, or from any persons.

I went to New York in June, 1856, with about $320,000, and I obtained $30 000 from the Trust Company on the Seneca County Bank draft, and $54,000 through Smith, as above stated.

In August, 1856, I made a loan of Dunlevy, Drake & Co., for $30,000. The note was renewed October 22, 1856, for $31,000, and paid by charging it up to me December 22, 1856. November 1, I borrowed $10,000, which, together with the loan of $30,000, was paid December 22. I decline to state what collaterals I deposited with them, for the reasons stated above, as to the collaterals given to Smith. I do not remember whether Moodie or Winters names were upon the collaterals. The balance, as shown upon the books of Dunlevy, Drake & Co , as due me on the 22d of December, of $68,540 19, had no reference to the $67,740 38 entered by me in my private balance sheet of December 15, 1856, as being in the hands of Atwood & Co., New York. The balance in the hands of Dunlevy, Drake & Co., as above stated, was made up of deposits with them to my credit, by the Treasurers of Brown, Clermont, Preble, Highland, Clinton, Scioto and Warren counties, on Auditor's drafts, for the State's proportion of taxes, payable December 20.

The balance sheet now exhibited to me, in my handwriting, and called "*Treasurer's Private Balance Sheet for Nov* 15, 1856," made up to December 15, 1856, was made for the purpose of the examination of the Legislative Committee, of which Mr. Taylor was chairman. This statement shows that I, as Treasurer, was chargeable, on the 15th November, 1856, with $406,470 13; to which should be added $18,331 89 due the general

creditors of the Canal Bank of Cleveland. The assets of the Treasury, as shown by that statement, amounted to $425,235 59.

Among the assets, is draft of Bartlit & Smith, on New York for $30,000, which was not paid for by me at the time, and which had not been charged to me as Treasurer, and therefore, not a legitimate asset to pay the balance to my debit, as above stated. The balances, as they appear against

Ludlow, Cashier, of	$ 6,940
Atwood & Co	96,595
Piqua Branch Bank	28,400
Springfield Bank	14,300
Tomb, Huss & Co.	14,528
Amounting to	$160,673

were collections from County Treasurers upon Auditor's warrants for January interest, and like the $30,000, had never been charged to me, and were not therefore properly to be credited as means in my hands to discharge the November balance against me.

The $34,000 charged Kimball & Co., consisted of their certificates of deposit obtained in anticipation of an examination of the Treasury, and for which they held my check on them. After the examination, the certificates were returned and the check cancelled.

A loan of $30,000 from Wheeling, Va.; about $39,000 from the Commissioners of the Sinking Fund; $41,000 Dunlevy, Drake & Co.; $31,000 from Trust Company, Cincinnati; $30,000 from the Trust Company, New York; and $54,000 through B. E. Smith, as before stated;—the proceeds of which had been used in the ordinary disbursements of the office, for which I had received credit on the books of the Auditor. By this method I was enabled to make a showing of means in the Treasury, when in fact I did not possess them.

The $6,948, as due from Breslin, late Treasurer, assuming my statements publicly made of his payments to me as true, would be the balance against him. In addition to the amounts stated above as received from the County Treasurers, I had myself received directly from them about $33,000 in cash upon the drafts of the Auditor of State, besides some $5,000 paid to me by County Treasurers, and for which they held my certificates of deposit as Treasurer of State.

John G. Camp, of Sandusky City, was indebted to Breslin in the sum of about $6,000, growing out of a loan to the Sandusky and Mansfield Railroad. To secure Breslin, Camp executed a mortgage to me on certain property in Sandusky City, which was duly recorded. Subsequently, on proceedings in chancery to close up a mechanic's lien, I having been made a party, there was decreed as due to me on the mortgage about $7,000. Camp paid off the mechanics lien, and all others, except the one in my name. I learned from Mr. Breslin, that he had agreed to release Camp from his liability upon his liquidating such liens. With that understanding, I transferred the judgment to W. L. Pierson, of Sandusky City, having taken the judgment of Breslin at $2,000, and receipted to him for that sum as Treasurer, as a part of his payments to me as my predecessor. Pierson owns so much of the property as is covered by the decree. The title is yet in Camp. Neither I, nor Breslin, have any interest in it.

I never loaned to Samuel Medary one dollar, directly or indirectly, nor did I ever aid in procuring a loan for him, from any source, nor was I ever requested so to do by any person, in his behalf. I have never stated to any person, that I ever made any such loan, or was ever requested so to do, or contemplated doing so. Neither do I know that Mr. Breslin ever loaned him any money, or was requested so to do.

I never loaned any money to aid in the purchase of the Ohio State Journal, nor did I ever borrow any money for that purpose. My only connection with that paper was indorsing a note of $1,200 to the Franklin Bank. At the time the Journal was purchased of Follett & Co., some notes were given, on which F. M Wright, Auditor of State, was sole indorser. One for $1,200 matured in 1857, at the Franklin Bank, and was met by a new note signed by Wright, Oviatt Cole, and myself, which last note I paid.

I never, by or through Harrison Noble, entered any land anywhere, either by land warrants or otherwise.

In the spring of 1857, I, with Morrison P. Skinner, of Fostoria, of Seneca county, Ohio, purchased a lot in Hudson, Wisconsin, for $250. H. A. Buskirk, of Tiffin, and myself, purchased seven lots in West St. Paul, Minnesota, for about $900. I purchased eleven lots in St. Charles, Floyd county, Iowa, for $910; and also, 387 acres of land near the same place for about $3,800, on which last purchase I paid $800 or $900 in

cash, and gave my note at short time, say 60 days, for $1,400, which has since been paid; and also gave another obligation for $1,425, due in one year at ten per cent. interest, secured by mortgage upon 187 acres of the land, to pay which, I have been advised, the land was sold during the present month. This was the extent of my investments at that time. I own in Cerro Gordo county, Iowa, 160 acres; in Decatur county, Iowa, 160 acres; the undivided half of 640 acres in Chippewa county, Wisconsin. The title to this property is in me unencumbered. All my real estate in Ohio and elsewhere has been conveyed by me to R. G. Pennington to secure him as my surety as Treasurer of State—the deed not recorded, but for which I hold his receipt.

Breslin received from Bliss, as a part of the amount due from him as Treasurer, a claim against W. E. Chittenden, which I endeavored to obtain for Breslin, but after much negotiation, it was finally settled in New York, between Chittenden and Breslin, in a manner not known to me; Breslin receiving certain assets which he has since told me realized to him little or nothing. The claim was about $50,000, nearly all of which he lost. At the time of receiving these assets from Chittenden, Breslin expressed his dissatisfaction at his being compelled to make such an arrangement.

W. H. GIBSON.

The following question was asked Mr. Gibson, in continuation of his examination, on the 8th of January, 1859:

What was the true condition of the Treasury of the State, on the 16th of December, 1856; and by what means were you enabled to satisfy the examiners that you possessed the amounts with which you were charged?

To which Mr. Gibson made the following reply:

The true condition of the Treasury was concealed, at the examination in December, 1856, by means of loans, fictitious credits, and funds realized upon drafts upon County Treasurers.

These items were as follows:

By credit in account of Kimball & Co, for my checks on them	$35 550
By certificate of Springfield Bank, obtained in the same manner	14,300
By credit of Piqua Branch Bank, obtained in like manner	28 400
By receipt of Forrer, Burt & Co., upon which payment was not then made	10,000

By draft of Bartlit & Smith, received for Auditor's drafts left with them for collection	$34,000
By credit in account of same firm, on same account	54,628
By checks of Seneca County Bank for money unpaid at the time	10,000
By error in account of Trust Company, Cincinnati	12,000
By official certificates of deposit outstanding	4,850
By credit of Tomb, Huss & Co., on Auditor's drafts	11,980
By cash of Treasurers on Auditor's drafts	33,000
By cash of Treasurer of Adams county, for Trust funds	3,000
By loan of Banks in Wheeling, Virginia	30,000
By loan of Dunlevy, Drake & Co.	41,000
By loan of Ohio Life Insurance & Trust Company, New York	30,000
By loan of same Company in Cincinnati	31,000
By amount due the Commissioners of the Sinking Fund, on draft	38,980
By amount loaned through B. E. Smith, in New York	55,000
By account of Atwood & Co., from proceeds of Auditor's drafts	96,505
By balance stated, as due from my predecessor	6,399
By remittance to Ohio Life Insurance & Trust Company, from drafts on County Treasurers	12,925
	$593,517

I have arrived at the preceding statement, from an examination of accounts and memorandums made at the time, as well as from recollection. To the best of my knowledge it is correct. There may be unimportant errors.

The loans amounted to near $226,000, and were necessary to the wants of the public service. Without them, the drafts upon the Treasury could not have been paid. These loans were repaid from the revenues, when collected in December, 1856. Whilst it is true that the loans were made without the authority of law, or the advice of any one, they were essential to the interests of the State in 1856, no less than in 1857, when loans were made by others, after my resignation.

I must add, that in all my exertions to maintain the public credit by loans, and in all that I did to conceal the actual defalcation, I was governed by an earnest desire to promote the interests of the State, hoping at an early day to obtain from Mr. Breslin such payments or surrender of assets as would at once indemnify the public against loss, and protect myself from all imputations of dishonor.

It is proper to state, that I received $669,000 in drafts upon County Treasurers, from the Auditor of State, which were not charged to me except in special account, until the annual settlements with the Treasurers. Memorandums in the office showed who held these drafts for collection, but no exhibit was made of the amount that had then been realized upon them.

I think other credits held by me at the date of the examinations, were the proceeds of these drafts, but I cannot identify them satisfactorily from any data now at my command.

Question. The amount in the Treasury belonging to the Sinking Fund, as appears by your annual report on the 15th November, 1856, was $252,885 10. What portion of that amount was paid into the Treasury between the 15th September, 1856, and November 15, 1856?

Answer. The amount must have been very small, probably not exceeding $5,000.

Question. If the Auditor of State, in pursuance of sec. 18, of act of April 8, 1856, "prescribing the duties of the Auditor and Treasurer of State," had drawn on the Treasurer for the amount in the Treasury belonging to the Sinking Fund, as above stated, for the purpose of applying the same to the payment of the public debt as required by law, could you have paid the amount, or would the defalcation in the Treasury have become known at the time?

Answer. I could not have paid the amount, and should not have attempted to have done so, as I was already carrying through loans amounting to over two hundred thousand dollars, and the defalcation must therefore necessarily have become publicly known.

W. H. GIBSON.

Testimony of William S. Sullivant, of Columbus, Ohio, taken before the Commission, June 22, 1858.

Wm. S. Sullivant, after being duly sworn, deposeth and says:

I become surety for Mr. Bliss, with the expectation of a benefit to accrue therefrom to the Clinton Bank, by deposits to be made therein by him as Treasurer. Mr. Deshler, as Cashier, agreed to share with me any responsibility that might arise in consequence of my becoming such

surety, and gave me an instrument of writing to that effect. After I became surety for Mr. Bliss, I was not entirely satisfied with his management of his office. I thought he was absent too much, and there were other circumstances that excited my suspicions as to his transactions. There were other Banks whose representatives were also sureties for Mr. Bliss, and I presumed, for the same reasons which influenced me to become his surety.

There was, as I suppose, an understanding with the Banks, that a certain amount of interest should be paid to Mr. Bliss, on his deposit account, and in the City Bank, Columbus, there was an amount due Mr. Bliss for interest at the time he went out of office, of some three or four thousand dollars, which his sureties considered as a part of his assets available to them to pay the amount due from him to the State; but the Bank refused to pay the amount, and I believe it has never been paid.

After Bliss went out of office, and before his default was generally known, or known to me, I inquired of Mr. Breslin frequently as to the settlement of the accounts between Mr. Bliss and himself, and whether the balances had been ascertained, and the amounts paid over to him. He replied that there had been no actual settlement,—that some of the counties had not settled, and therefore the final settlement could not be made. Mr. Breslin's answers were evasive and unsatisfactory, and excited my suspicion. This was in the month of June. A short time after, I learned positively, that there was a deficiency in Mr. Bliss' funds, and immediately went to Mr. Bliss to demand security The deed of trust to Mr. Dennison was the result of our interview. When I called upon Mr. Bliss, he seemed much depressed, and asserted that his defalcation must be occasioned by some error in the books,—that he would procure a competent accountant, and have an accurate statement of the accounts made up.

At the time the deed of trust was made, the sureties believed they had obtained from Mr Bliss all the property he possessed, and were compelled to take certain securities not at the time considered really available, in order to make the security as perfect as possible Subsequently, I learned he had some interest in Chicago property, and some property in Licking county, but which we never obtained.

I thought that it would be more for the interest of the sureties, that one of their own number should act as Trustee, and a transfer was

accordingly made from Mr. Dennison to me as Trustee, or to Mr. Bliss, who made me the Trustee, I think sometime in December.

By some arrangement between Mr. Bliss and Mr. Breslin, the amount to be paid by Mr. Bliss, and for which his sureties were liable, was ascertained to be $65,000. Thirteen checks of $5,000 each, were given by the sureties to Mr. Breslin; $20,000 on the Exchange Bank, Columbus; $20,000 on the Franklin Bank, Columbus; and $25,000 on the Clinton Bank, Columbus. There was an understanding that these checks were not to be paid for two years, and were not to draw interest.

Mr. Carrington acted as attorney in the matter of converting the assets of Mr Bliss into money, and did convert and pay to Mr. Breslin $25,000. The balance of the $65,000 was paid by the sureties transferring the assets to Mr. Bliss, to be conveyed to Bartlit & Smith, who, by some arrangement between them and Mr. Breslin, assumed the liability of the sureties, and the checks were taken up and returned to us. Previous to the arrangement with Bartlit & Smith, the checks were protested, and suit commenced by Mr. Breslin; but on the determination of the sureties being expressed to Mr. Breslin to contest the payment the arrangement referred to was perfected.

WM. S. SULLIVANT.

Testimony of Michael L. Sullivant, of Columbus, Ohio, taken before the Investigating Commission, June 17, 1858.

M. L. Sullivant, after being duly sworn, says:

I was one of the sureties of Bliss. I was sick at Franklinton, near Columbus, when I was visited by Moodie and Demas Adams, Jr., asking me to become surety of Bliss. I refused, but subsequently was called upon again, and as I saw it would be an accommodation to Moodie, I at last assented, with great hesitation. There was no inducement held out to me, either to me personally, or otherwise.

I paid no attention to the mode and manner in which Bliss transacted his business, nor was I the least uneasy, and had almost forgotten that I was his surety at the expiration of his term I never borrowed a dollar of him, either personally or as Treasurer; nor received any thanks or favors from him, either directly or indirectly.

I learned Bliss' defalcation from my brother William, about the time his term expired, and when he had to settle up. I took no active part in any efforts to keep the sureties harmless, but made occasional inquiries, and kept posted up in the developments as they came forward They were a long time examining the books, and hopes were held out that the deficiency would be explained, and that it would turn out to be an error of the books. An eventual deficiency was found to exist, and, although we were informed, that by some flaw in the bond we could get clear, the flaw being that it could not be proven whether the deficiency occurred in the first or second term, yet we thought best that Mr. Bliss should be compelled to furnish assets, or that the securities should pay it themselves. Assets were, I believe, thus furnished, and I was informed that it had been settled, and I am about $1,000 out of pocket for my contribution towards the settlement. I have seen Mr. Bliss since, but have held no conversations with him about the matter; nor do I know of any investments of Bliss, here or elsewhere. I have heard that he has property at Chicago, but do not know what it consists of. I have not kept the run of him, and know but little about him.

I was not on terms of intimacy with Breslin,—was not in the habit of frequenting his office,—never was at his house, nor never borrowed a dollar of him or the Treasury, nor of any clerk thereof; nor did I ever receive any loan of money or credit from institutions with which he deposited, through his influence, or by his favor, that I am aware of. I never borrowed a dollar from the Newport Safety Fund Bank, nor that of Elkhart County, or South Bend, or Central Bank of Indiana,—nor the State Stock Bank at Jamestown, nor from the Savings Bank at Cumberland; nor did I, of any other Banks, or Bankers, or institutions, or brokers, or individuals, through Breslin's influence or favor, or by his procurement. I never borrowed from the Kanawha Bank either. I am not indebted to him, or the State, in any amount, or to any individual, through him, or for him; nor have I any investments, speculation, or moneyed transactions, with him, of any nature; nor with any person through him, or by his influence or procurement, except the following:

Mr. Breslin came to me one time, and quietly asked me to enter a quantity of land for him in my own name, handing me a draft on Atwood & Co, for $1,500. I did enter the land in my own name, in township 30, north, range 8, east, in the second tier of sections, south line, in the south

half of the township, in Livingston county, Illinois,—sections not remembered. I transferred the certificate of entry to him, and he had the patent issued to himself The land is now on the duplicate in my name. For some time I paid the taxes, and I consider the matter square between us. I wrote Breslin a letter about this matter, a copy of which I make a part of my deposition. Breslin wrote to me about the matter shortly before he left Columbus, making a general inquiry about the matter. That letter I now have in my possession, and will furnish it to you. The land is now worth some $5 to $10 per acre,—it was bought at $1.25 to $2 50. There are about one thousand acres.

I do not know certain, of any investments of Breslin's in Illinois, or elsewhere, except the one named I have heard vague rumors of Breslin's buying Stocks and starting Banks. I know nothing definite about it myself.

I never sent him any money, nor paid him any in any manner, either since he left Ohio or before.

I have seen Gibson but once in my life that I know of, and then he was pointed out to me; but never exchanged words with him, so far as I can remember. I never had any business or other transactions with him.

M. L. SULLIVANT.

[COPY.]

M. L. Sullivant has this day assigned to me certificates for the north half of section 28, in township No. 30, north, of range 8, east, containing 320 acres, at one dollar and twenty-five cents per acre; also certificates for the south half, and south half of north east fourth, and south half north west quarter of section No. 21, in township No. 30, of range 8, east, containing 480 acres, at one dollar and fifty cents per acre—making in all eleven hundred and twenty dollars, $1,120; which is part of the fifteen hundred dollars, $1,500, given him to buy land for me.

(Signed) J. G. BRESLIN.

COLUMBUS, *Ohio*, June 20, 1854.

[COPY.]

COLUMBUS, *Feb.* 16, 1857.

JOHN G. BRESLIN, ESQ:

Dear Sir: I delivered to you, time not recollected, copies of certificates of locations of land in Illinois, and an account of the cost of the

same I have kept no account of it, but know that it was within a small balance of squaring up the matter of the money you gave me I done it for you without compensation. I never wished or expected anything. If there is a small balance, make a full plain statement, and I will settle it. If my entries and transactions of the business is right, I wish you to say so,—if not, say so,—and tell me wherein; and if you are not entirely satisfied, say what you will take for the land in cash, giving me ten days to accept At the time, nor since I rendered you the account, you never expressed yourself pleased or displeased,—nor said thank you, or damn you. I will expect a written answer to this at your earliest convenience. I have paid the taxes on your land since 1854.

Yours, &c.

(Signed) M. L. SULLIVANT,
Per Clerk.

(COPY.)

COLUMBUS, O., *Feb.* 20, 1857.

Dear Sir: I inclose your account, as requested:

	DR.	
M. L. Sullivant		$1,500 00
CR.		
By Land Office No. 15,490	$720 00	
" " " No. 15,491	400 00	
" cash	300 00	
		1,420 00
Balance		$80 00

From this balance is to be deducted taxes paid by you, or any other expenses incurred.

Allow me to express my thanks for your kindness shown me in selecting these lands for me, and to assure you of my entire satisfaction with your judgment in the selections made.

Very truly,

(Signed) J. G. BRESLIN.

M. L SULLIVANT, Esq.

T. J. Kerr, being duly sworn, deposeth and says, that the inclosed are correct copies of the original papers now in his possession as Agent of M. L. Sullivant.

T. J. KERR.

COLUMBUS, *Oct.* 28, 1858.

Sworn to and subscribed before me, on the day and date above written.

CHAS REEMELIN.

Testimony of Thomas Moodie, of Columbus, Ohio, taken before the Commission, June 21, 1858.

Thos. Moodie, after being duly sworn, deposeth and says:

I am at present, and have been since its organization, cashier of the City Bank of Columbus Became acquainted with Albert A. Bliss, former Treasurer of State, about the time he was first elected to office. I became one of his sureties for his second term. He applied to me to become such, and I did so by reason of my knowing him personally, and on account of our friendly relations, having confidence in his integrity. Did not become his surety by reason of any arrangement or understanding previously, that any pecuniary benefit was to result to me personally, or to the bank I represented. Mr. Joel Buttles, and Mr. Wm. Miner, directors of the bank, were also sureties. Although there was no understanding or agreement to that effect, it was expected the bank would be favored by his deposits.

I had no suspicion or intimation that Mr. Bliss was a defaulter, until some time in the summer of 1852. Was apprised of it about the time the deed of trust was executed to Mr. Dennison. I took no steps to effect security to myself personally, but understanding that the other securities were endeavoring to protect themselves, I acquiesced in what was done by them. I was present at one or two meetings, when the sureties, or a part of them, were endeavoring to effect arrangements for their protection. There were certain checks given for $65,000, which the securities agreed to acknowledge as the liability of Mr. Bliss, and the sureties were to be indemnified by the transfer of certain assets of

Mr. Bliss It was the understanding that the checks were to be paid when the necessary means were realized from the assets of Mr. Bliss. Some of the checks were paid by sale of these assets. Some of them protested. $5,000 on the City Bank were protested. Have no recollection of suit being commenced. There was $4,800 of the stock in the City Bank, being a part of that subscribed by Wm. Miner, which was transferred in 1851 to Mr. Bliss. I may have known before the transfer, either from Mr. Miner or Mr. Bliss, that the stock was owned by Mr. Bliss, but cannot state positively.

Mr Bliss kept an account with the City Bank, in continuation of his deposits of his first term—I think during all the time he was in office. One of the arrangements of deposit was, the bank was to take tolls from certain offices free of charge to the State—Roscoe, Dresden and Newark. The bank also collected certificates of deposit in various parts of the State free of charge. There was an allowance of interest to Mr. Bliss upon some portion of the deposits—whether he accounted for it personally or officially, I cannot say. Mr. Bliss made a claim against the bank for interest upon his deposits amounting to about $4,000, which was not paid by the bank. Some of the directors were in favor of making such allowance, but the majority opposed it. Some of Mr. Bliss' sureties claimed this amount as part of his assets. I have some recollection of $1,500 or $2,000 having been paid to Mr. Bliss as interest. The books of the bank will show the amount actually paid to him as interest; my impression now is that it was $2,000 as above stated. At the time Mr. Bliss went out of office, there was a balance to his credit of about $17,000, which was transferred to Mr Breslin, and paid out in a few days after Mr. Breslin came into office, on a check to Judge Bowen. Mr Breslin kept no account with the bank subsequently, except for a small amount for a short period—some $500 or $600

The City Bank also received deposits of E N. Sill, Fund Commissioner. Some amounts, in consideration of the time the money was on deposit, were paid to the Fund Commissioners in New York, free of charge for exchange. In some instances, interest was paid to Mr. Sill, and the current rate of exchange charged for the moneys paid in New York. I am unable to speak definitely as to these matters, either of the amounts of money deposited, the amounts of exchange furnished, or the amounts of interest paid. As to certificate of deposit, No. 4758, October 2, 1850

to E. N. Sill, for $10,000, I cannot say whether interest was paid on this certificate, but am inclined to think the amount was paid in exchange on New York in lieu of interest. I remember having settlements with Mr. Sill, in which he was allowed interest on certain of his deposits, but the price, or when these settlements were made, or the precise amount of interest allowed, I am unable to state. The interest found due was paid to him.

Mr. Breslin complained to me that the checks given on account of Mr. Bliss, were not paid, and that the non-payment was giving him trouble.

In relation to the loan of $100,000 to the Columbus Insurance Company, I was at the time a director of the company, and probably present at the time the loan or note thereof, was talked of, and used the proper influences of my position with the commissioners to effect the loan, under the belief that any engagement the company made with the State would be fulfilled. I am positive that I never, for myself, or for the bank, gave any receipt for $80,000, or for any amount, of stock notes, or for any other property of the Columbus Insurance Co mpany, to be held in trust or otherwise for the State, or for the individual persons who were bail to the State for the loan aforesaid.

In 1851, the City Bank of Columbus, by arrangement with the Columbus Insurance Company, paid certain bills to parties in New York, negotiated for the benefit of the Insurance Company to the amount of $18,000 or $19,000. For this debt the Insurance Company had pledged bills receivable to the amount of about $40,000; among which are certain notes made by parties in the State of New York, for stock in the Insurance Company. These collaterals were delivered to the bank in payment of the debt, and the balance after paying the advance, was accounted for by the bank to the Insurance Company. At the time the State loan was made, the Insurance Company was doing a large business, and its liabilities much increased by severe losses, and it was in a precarious condition, although it was my own and the opinion of other members of the board, that the company would sustain itself. The question of indemnifying the bail to the State on the loan, was talked of in the board of directors, but was never consummated.

There has been no money remitted through the City Bank, or through me to Mr. Breslin, at any time since he left the State.

THOS. MOODIE.

Examination Resumed, August 3, 1858.

Our bank did loan money to the Fund Commissioners of the State at various times—one negotiation with the Fund Commissioners for $40,000, sometime in 1845. Our bank commenced business in July, 1845, under its present organization. We made an advance to the Fund Commissioners for that amount, and received the Fund Commissioners' notes, and also State stocks, domestic, as collateral security. We deposited these stocks with the State Treasurer, and obtained circulation upon them. When the debt was paid the stocks were returned, and either circulation to a corresponding amount returned, or other stocks substituted for them, or perhaps both in part. There were also other temporary loans made to the Fund Commissioners by the bank. I do not remember the precise amounts, but no deposit of stocks were made as collateral. Breslin frequently bought State stocks of us; they were purchased for the Seneca County Bank. We also sold State stocks to Mr. Morgan, and were told it was on account of the sinking fund.

Breslin may have asked me to give any bank notes which he paid me, a good circulation, but I do not remember any precise date, nor any precise notes.

I know no facts, or of any papers, or assets, or investments, in any manner relating to any of the several State Treasurers, Bliss, Breslin and Gibson, or which have reference to any matters with the investigation of which this commission is charged, as I understand this; nor can I throw any light, from my personal knowledge, upon the several subject matters embraced thereby, except as above.

I have exhibited to you the books of the City Bank, containing the account of A. A. Bliss, late Treasurer of State, with said bank, and which account is the true and correct account of his transactions with the bank, as I believe; and I have concealed no books, nor facts in my own knowledge, so far as my recollection goes, that would lead you to detect any interest paid, or allowance made, to Bliss.

I know nothing of any ownership, directly or indirectly, of bank stock by A. A. Bliss, either in the Summit County Bank, or other bank, except as stated in ours.

THOS. MOODIE.

Testimony of Wm. Dennison, Jr., of Columbus, Ohio, taken before the Commission, at Columbus, June 19, 1858.

Wm. Dennison, Jr., after being duly sworn, deposeth and says:

Mr. William S. Sullivant, of Columbus, was one of the sureties of Mr. Bliss as Treasurer. Some time in June, 1852, I met Mr Sullivant on the street in Columbus, when he mentioned that a rumor was prevailing that Mr. Bliss was in default, or was suspected to be in default, in his accounts as Treasurer. He asked me what he and his co sureties had better do for their protection. I advised him to see Mr. Bliss immediately, to say to him that such a rumor was prevailing, and that, whether well or ill founded, Mr. Bliss ought, without delay, to indemnify his sureties against any loss, and suggested that the most prompt and effective mode of securing such result, would be by his conveying his property in trust to some proper party. In a short time after, probably the same day, Mr. Sullivant called on me, and said that he had had an interview with Mr. Bliss, who expressed his willingness to convey his property in trust, as suggested, for the benefit of his sureties, and desired me to act as his trustee. I accordingly called upon Mr. Bliss, and had an interview with him, which resulted in his executing to me a deed of certain real estate, and a transfer to me of certain certificates of stock in various corporations, and probably some notes. My recollection is, that the deed was absolute upon its face, but was accompanied by a declaration of trust in a separate instrument, which set forth the terms and uses of the trust, as well for the realty, as the personalty, conveyed to me as aforesaid. The property I retained as trustee, I think, until December, 1852, when, at the instance and request of Mr. Bliss, and with the consent of the cestui que trust, and in the presence of all or a part of them, those present being authorized, as I understood, to act for the others I re-conveyed, and transferred, by proper instruments, all of the property then in my hands as trustee, which according to my recollection, embraced all transferred or conveyed to me.

One or more interviews took place between Mr. Bliss and myself, with the sureties, except it may be Mr Atwood, who, I understood, concurred with his colleagues in reference to the management of the property conveyed to me, previous to the re conveyance and transfer; during which interviews I indicated what might be my course in reference to selling

the property, if I continued to act as trustee; the expediency of which did not seem to be favored by Mr. Bliss, and by some, and it may be, by all the sureties present The result of which was, that I asked to be relieved from acting further as the trustee, and to return the property, which I did as aforesaid; which request on my part, was concurred in by all present. My method was to sell the property at once, or more rapidly than was thought advisable by the other parties. The sureties present at these interviews, or one, or more of them, were Wm S Sullivant, Michael L. Sullivant, Demas Adams, Jr., Thomas Moodie, and P. B. Wilcox, the attorney of the administrator of Joel Buttles. No State officer was ever present at these interviews.

After the execution of the trust to me, for the protection of the sureties as aforesaid, but whether previous or after the surrender of the trust, I cannot tell, the sureties, in whole or part, executed and delivered to Mr. Bliss or Mr Breslin, which I cannot say, their checks on one or more Banks, for $65,000, in denominations of $5,000 each, to the best of my recollection, each and all of which was payable on demand, I think, to make up the alleged deficit of Mr. Bliss.

After my surrender of the trust, and previous to the expiration of the last official term of Mr Breslin, he casually mentioned to me that a portion of the money called for by these checks, was unpaid, and that he would like for me to urge the sureties, or it may be, W S. Sullivant, as one of the sureties, to make up, in whole or part, this unpaid balance; but as to which, having no connection with the matter, I did not take any further action in regard to it.

A short time previous to Mr. Breslin's going out of office, say in the latter part of 1855, when I was acting as president of the Exchange Bank of Columbus, Mr. Breslin called upon me at the Bank, and inquired whether certain parties who were of Bliss' sureties as aforesaid, had funds deposited in that Bank to meet one or more of the checks of said parties, which he then claimed to hold, and which I inferred from what he said, formed a part of the original checks executed by the sureties aforesaid. I replied to him that there were no funds in deposit to meet any check of the drawers referred to. Whereupon, Mr. Breslin said that he would protest the checks for non-payment, but whether he did so or not I cannot say.

Mr. Sullivant was probably induced to speak to me upon the subject

of Mr. Bliss' difficulties, because of my being his consulting attorney, as well as on account of our personal relations.

W. DENNISON, JR.

The said Dennison, on further examination, says, that at the time he surrendered the trust, and re-conveyed to said Bliss the property received from him as aforesaid, all of which was done at the instance and request of said Bliss, and with the consent of his said sureties, he was satisfied, from representations made to him by said Bliss and Breslin, that the said Bliss had settled by means of the said $65,000 checks, all his accounts as Treasurer, to the satisfaction of the State; and that except as to the $65,000 checks, his sureties were not and could not be liable to the State in any way, or for any amount whatever.

Copies of the papers relating to said trust, are hereunto annexed, and made a part of this deposition.

W. DENNISON, JR.

December 10, 1858.—Wm. Dennison, Jr., being recalled, says:

I have no recollection of drawing the receipt given by John G. Breslin to A. A. Bliss, dated October 20, 1852, nor any other receipt, nor any final settlement papers between these two gentlemen; nor have I had any connection with Mr. Bliss as Treasurer, except as his trustee, between him and his sureties, and as explained in the foregoing deposition. My recollection is, that I filled up the checks or drafts for $65,000, given by the sureties, as the assumed balance due from Mr. Bliss, at their request; and knew nothing of the checks thereafter, except as already stated.

I have no recollection of being present at an interview at Wm. S. Sullivant's house, with the sureties of Bliss, and that gentleman and Mr. Breslin, and I do not think that I could have been present at such an interview without remembering it.

I have no recollection of having any connection with Mr. Breslin, in his matters with Mr. Bliss, except as hereinbefore stated.

W. DENNISON, JR.

commencing on the twenty-eighth day of February, A. D., 1850: Now, if the said Bliss shall well and truly account for, and pay over, according to law, all moneys by him received for the use of the State, or which may be in any manner whatever deposited in his hands as Treasurer aforesaid, and shall in all things faithfully perform and discharge, all and singular, the duties and services required of him by law as Treasurer aforesaid, then the above obligation shall become void, otherwise to remain in full force and effect.

ALBERT A. BLISS	[SEAL.]	A. H. PINNEY	[SEAL.]
JOEL BUTTLES	[SEAL.]	WM. MINER	[SEAL.]
WM. S. SULLIVANT	[SEAL.]	DEMAS ADAMS, Jr.	[SEAL.]
J. S. ATWOOD	[SEAL.]	M. L. SULLIVANT	[SEAL.]

THOMAS MOODIE [SEAL.]"

Which Bond is indorsed as follows, to wit:

"I, Seabury Ford, Governor of Ohio, have examined the above Bond, and the names of the sureties thereto attached, and do approve the same.

SEABURY FORD."

MARCH 1, 1850.

And, whereas, the said Bliss has been superseded in his said office of Treasurer, and has not as yet had a settlement of his accounts as such officer, and is apprehensive that a full examination of said accounts, and his doings as said Treasurer, may show a default on his part in not having performed all the conditions of the foregoing bond, according to the requirements thereof, which, if so, may occasion a serious damage and loss to his said sureties, against which the said Bliss is anxious to indemnify them severally and jointly so far as he can do so: Now, be it known, that for the purpose of indemnifying and saving harmless each and all of his said sureties in said Bond from all loss and damage on account of any default on his part, in not having faithfully observed and performed the conditions of said obligation according to the requirements thereof, the said Bliss has conveyed to the said Dennison, the five several lots or parcels of land described in said deed, bearing even date herewith as aforesaid, and has assigned and delivered to him, the said Dennison, the several articles of personal property hereinbefore described, it being understood between the said Bliss and Dennison:

First—That all of said property, real and personal, is to continue in the hands and under the control of said Dennison, his heirs, &c., until the said Bliss shall have fully accounted with the State for all moneys that may have been received by him as said Treasurer, and shall be fully discharged, together with his said sureties, from all liability to the State resulting from the execution, by the said Bliss and his said sureties, of said bond, and the delivery thereof to the State; it being understood, however, that nothing herein contained is to be construed so as to prevent, or in any way interfere with the said Dennison, his heirs, &c., selling, or in any way disposing of, said real and personal property, or any part thereof, whenever, in his judgment, it will be better, or to the advantage of said Bliss and his said sureties, to sell or dispose of the same; it being understood, that in case of any such sale, or the disposal of said real and personal property, the proceeds thereof are to remain in the hands of said Dennison, his heirs, &c. (to be invested and re-invested from time to time as he or they may think proper), a like time as above provided for, for said real and personal property to remain in his or their hands, in case the same is not sold as aforesaid. In case the said Dennison, his heirs, &c., shall sell, or in any way dispose of, said property, or any part thereof, as aforesaid, he, or his heirs, &c , as the case may be, is to execute such conveyances to the purchaser or purchasers of the same, as he, or his heirs, &c., may deem proper. All of the rents and profits of said realty, as well as the interest, dividend or profits of any and every kind of said personalty, are to be received by the said Dennison, his heirs, &c., at such time or times as he may deem proper, and to be retained by him, or his heirs, &c., as the case may be, so long as he or they shall retain the title and control of said property as aforesaid, it being understood, that in case the said Bliss shall represent to said Dennison, his heirs, &c., that he does need, for the support of himself and family, any part, or all, of said rents and profits, interest and dividend, the said Dennison is to give him the same, or such part thereof as he may require, until it shall be found that said property will have to be sold by the said Dennison, his heirs, &c., as hereinafter provided for, or until it shall be found that the said Dennison, his heirs, &c., as hereinafter provided for, will be required to re-convey or re-transfer to said Bliss, his heirs, &c., said property, both real and personal, or such part thereof as said Dennison, his heirs, &c., may have in his or their hands,

Know all men by these presents, that whereas, Albert A. Bliss, of the City of Columbus, State of Ohio, by his certain deed bearing even date herewith, conveyed to William Dennison, Jr., of the same place, his heirs and assigns forever: four several lots or parcels of land, with the appurtenances to the same belonging, situated in said City of Columbus; and one certain lot, with the house thereon, situate in Elyria, Lorain county, and State aforesaid; all of which lots or parcels of land are particularly described in said deed of conveyance.

And, whereas, the said Albert A. Bliss, has also, the day of the date hereof, assigned and delivered to said William Dennison, Jr., certain personal property, as follows, to wit:

First—One certificate for ten shares in the capital stock of the Lorain Plank Road Company, on which fifty dollars on each share have been paid.

Second—One certificate of two shares of the capital stock of the Columbus and Granville Plank Road or Turnpike Company, No. 103, on which fifty dollars on each share have been paid;

One other certificate of four shares of the capital stock in said last named Company, No. 55, on which fifty dollars on each share have been paid;

One other certificate of four shares of the capital stock in said last named Company, No. 56, on which fifty dollars on each share have been paid;

One other certificate of six shares of the capital stock in said last named Company, No. 53, on which fifty dollars have been paid on each share;

One other certificate of six shares of the capital stock in said last named Company, No. 54, on which fifty dollars have been paid on each share.

Third—Five certificates, numbers 52 for twenty shares, 45 for ten shares, 77 for twenty shares, 78 for twenty shares, 79 for twenty-seven shares—in all, ninety seven shares of the capital stock of the Columbus and Worthington Plank Road or Turnpike Company, on each of which shares have been paid the sum of twenty-five dollars.

Fourth—One certificate, No. 12, for twenty shares of the capital stock of the Portsmouth and Columbus Turnpike Road Company North, on which have been paid the full amount of two hundred dollars.

Fifth—One certificate, No. 50, for twelve shares of the capital stock of the Columbus and Groveport Turnpike Company, on each of which shares have been paid the sum of twenty-five dollars.

Sixth—One certificate, No. 1284, for five shares of the capital stock of the Mad River and Lake Erie Railroad Company, on each of which shares have been paid the sum of fifty dollars.

Seventh—One certificate, No. 2, for five shares of the capital stock of the Columbus & Xenia Railroad Company, on which two hundred and fifty dollars have been paid; and also, a scrip of same Company for $28 25, payable in stock for dividend on said stock certificate.

Eighth—One certificate, No. 61, for twenty-four shares of the capital stock of the City Bank of Columbus, on which the full sum of $2,400 have been paid; and also, evidencing the title of said Bliss to $2,400 of six per cent. Ohio State Stocks deposited with the Treasurer of State as security for the circulating notes of said City Bank of Columbus.

Ninth—A power of attorney to said Bliss, executed by Herman Ely, dated February 21, 1852, authorizing said Bliss to sell and dispose of, as the attorney of said Ely, and as to him the said Bliss shall seem best, six thousand dollars of the capital stock of the Lorain Bank in Elyria.

And, whereas, also, the said Albert A. Bliss, with Joel Buttles, late of said Franklin county, Ohio, deceased, Wm. S. Sullivant, J. S. Atwood, A. H. Pinney, Wm. Miner, Demas Adams, Jr., M. L. Sullivant, and Thomas Moodie, as his sureties, on the 27th day of February, 1847, executed their certain Bond to the State of Ohio, in the words and figures following, to wit:

"Know all men by these presents, that we, Albert A. Bliss, Joel Buttles, Wm. S Sullivant, J. S. Atwood, A. H. Pinney, Wm. Miner, Demas Adams, Jr., M. L. Sullivant, Thomas Moodie, are held and firmly bound unto the State of Ohio, in the sum of two hundred and fifty thousand dollars, current money, for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors and administrators, jointly and severally by these presents. In witness whereof, we have hereunto set our hands and seals, this twenty-seventh day of February, in the year of our Lord, one thousand eight hundred and forty-seven.

"The condition of the above obligation is such, that whereas, the above bound Albert A. Bliss has been duly elected, by the General Assembly, as Treasurer of the State of Ohio, for the term of three years

Placeholder

Placeholder

when, by the terms of this instrument, such re-conveyance or re-transfer is to be made. It is also understood, that said Bliss is to attend to and supervise the said real property, and to manage it so long as the said Dennison may agree for him so to do, verbally or otherwise; and that the said Dennison, his heirs, &c., is or are, in no case, to be liable for any loss or damage sustained by the said Bliss, and the said sureties, by reason of any want of attention on the part of said Dennison, his heirs, &c., to said real and personal property in any way, or on any account whatever. It is understood, the said Bliss is to attend to the renting of said real property, and to the collection and paying over to said Dennison, his heirs, &c., the rents and profits of the same,—the said Dennison not consenting to attend to the renting or collecting the rents, or any of them, of said real property, or any part thereof,—his undertaking, so far as the said rents are concerned, being limited to merely receiving them from the said Bliss when he may wish to pay them to him. It is also understood, the said Dennison is not to be required to pay any interest, or any moneys which may come into his hands, being the proceeds, in any form, of the foregoing named property, or any part thereof, so long as the same remains re-invested for the benefit of said Bliss and his sureties; it being understood, that when such moneys shall be so invested, the said Dennison is to be liable to the said Bliss, or his said sureties, as the case may be, for the proceeds of such investment, which may actually come into his hands, and no more.

Second—Whenever the said Dennison shall be satisfied that the said Bliss has failed to perform the conditions of said bond, and that by reason thereof, his said sureties will be probably required to pay to the State more or less money, to the end, that they may be discharged from any and all further liability on said bond, the said Dennison is, within a reasonable time thereafter, to sell, in such way, and on such terms as he may deem proper, so much of said property, real and personal, conveyed and transferred to him as aforesaid by said Bliss, as he may deem necessary for the protection and full indemnity of said sureties, from all loss or damage on account of, or in any way resulting, or that can result to them from said bond, and their liability thereon; and for all of said property, which the said Dennison may sell as aforesaid, or otherwise, he is to make such conveyance or conveyances, assignment or assignments, as he or his heirs may deem proper.

Third—Within a reasonable time after the said Dennison, or his heirs, &c., as the case may be, shall be satisfied that the accounts of said Bliss, as Treasurer of State, have all been settled to the satisfaction of the State, or its proper agents or attorney, that he has well and truly accounted for, and paid over, according to law, all money received by him as said Treasurer for the use of the State, and in all other respects, has fulfilled, each and all, the conditions of said bond by him and his said sureties executed and delivered as aforesaid, so that neither of his said sureties can, in the judgment of said Dennison, in any way, suffer any loss or damage on account of their said suretyship, but against said loss or damage are fully protected and indemnified, the said Dennison, or his heirs, &c., as the case may be, is or are to return to said Bliss, his heirs, &c., by proper conveyances, said real and personal property, or the proceeds thereof, arising from the sale or sales of the same, or otherwise, which may then be in the hands of said Dennison, or his heirs, &c.

Fourth—The said Dennison, or his heirs, &c., as the case may be, is or are to retain out of said property, or the proceeds thereof, so much, as in his or their judgment, shall be necessary to pay all expenses and charges of every kind connected with, or that may accrue from, the execution of this *Trust*, as hereinbefore set forth.

Fifth—The said Dennison, his heirs, &c., are not to be liable for any loss or damage sustained by the said Bliss, or his said sureties, or any of them, on account of any error or mistake, or neglect, on the part of said Dennison, his heirs, &c., in executing this *Trust*.

In witness whereof, the said W. Dennison, Jr., has hereunto subscribed his name, this 25th day of June, 1852.

W. DENNISON, Jr.

This is to certify, that in addition to the several articles of personal property transferred to me as specified in the foregoing instrument, the said Albert A. Bliss has also, this 25th day of June, 1852, assigned to me, for the same purposes, subject to the same limitations and restrictions, as set forth in the foregoing instrument, applicable to said articles of personal property, the following notes of Jas. H. Beebe, payable to the order of said Bliss, bearing even date herewith, that is to say:

One note for $566 66, payable eight months after date.
One note for $566 66, " sixteen " " "
One note for $566 66, " two years " "

All of which notes are secured by a certain mortgage, executed by said Beebe in favor of said Bliss, and his assigns, on 19 feet of ground front on High street, in Columbus, Ohio, extending back on the south line 109 feet, and on the north line 100 feet, being sub-division number 1, as numbered and decimated on the recorded plat of Samuel Barr's sub-division of in-lot, in said city of Columbus, No. 340, and the north quarter of in-lot No. 341. Siad mortgage is dated June 24, 1852.

Witness my hand:

W. DENNISON, JR.

All the property, real and personal, specified in the within instrument, returned to me by Wm. Dennison, Jr., this 23d December, 1852, and the within declaration of trust is hereby declared by me, to be fully satisfied, and is hereby cancelled.

A. A. BLISS.

Know all men by these presents, that I, Herman Ely, of Elyria, Lorain county, Ohio, have constituted and appointed, and by these presents do hereby constitute and appoint, Albert A. Bliss, Esq., of Columbus, my true and lawful attorney, for me and in my name, to sell and dispose of, as to my said attorney shall seem best, six thousand dollars of Bank Stock held by me in the Lorain Bank in Elyria, hereby agreeing that I will transfer, on the books of said Bank, said six thousand dollars, to such person as my said attorney shall direct hereon, on being notified by John R. Finn, Cashier of said Bank, to whom this power of attorney may be sent, and that I will send to such person as my attorney shall direct, a certificate of six thousand dollars full paid stock in said Bank. In witness whereof, I have hereunto set my hand and seal, this twenty-first day of February, 1852.

HERMAN ELY [SEAL]

[Indorsed.]

To HERMAN ELY, ESQ., *Elyria, Lorain Co., Ohio:*

Sir: Please transfer to William Dennison, Jr., Esq., of Columbus, Ohio, the six thousand dollars Stock in the Lorain Bank, in Elyria, that is described in the within power of attorney, as I have sold the same to said Dennison, Jr., as your attorney, in accordance with the power granted within.

ALBERT A. BLISS.

COLUMBUS, *Ohio*, June 24, 1852.

COLUMBUS, *Dec.* 1, 1852.

JOHN R. FINN, ESQ., *Cashier of Lorain Bank:*

Sir: Inclosed I send you power of attorney of Herman Ely, Esq., authorizing Mr. Albert A. Bliss to sell and dispose of, as he should think best, $6,000 of Stock held in your Bank by Mr. Ely, and which, by the term of the power of attorney, he agrees to transfer, on the books of your Bank, to the purchaser of Bliss. You will find this power properly indorsed by Mr. Bliss, directing Mr. Ely to transfer said Stock to me. Will you please see Mr. Ely, and have the transfer made and certificate sent to me.

Your immediate attention to this matter will much oblige,

Truly, yours,

W. DENNISON, Jr.

Dec. 1.—The foregoing are copies directed and placed in post office, to Mr. Finn, Cashier, this day, by me.

JOHN GREENWOOD.

LORAIN BANK IN ELYRIA, OHIO,
13th *December*, 1852.

WM. DENNISON, Jr., Esq., *Columbus, Ohio:*

Dear Sir: Your favor of 9th is at hand. Herman Ely, Esq., has this day transferred to you sixty shares 75 per cent. Stock in this Bank, for which please find inclosed our certificate No. 72.

Very respectfully, your obedient servant,

J. R. FINN, *Cashier.*

Rec'd—Dec. 18, '52.
Ans'd— " "

Received, Columbus, December 23d, 1852, of William Dennison, Jr., the following named certificates of stock, viz:

For ten shares of the capital stock of the Lorain Plank Road Company;

For twenty-two shares of the capital stock of the Columbus and Granville Plank Road or Turnpike Company;

For ninety-seven shares of the capital stock of the Columbus and Worthington Plank Road or Turnpike Company;

For twenty shares of the Portsmouth and Columbus Turnpike Road Company North;

For twelve shares of the capital stock of the Columbus and Groveport Turnpike Company;

For five shares of the capital stock of the Mad River and Lake Erie Railroad Company;

For five shares of the capital stock of the Columbus and Xenia Railroad Company; also, a scrip of same Company for $28.25 payable in stock;

For twenty shares of the capital stock of the City Bank of Columbus, which also certifies to the title of said Bliss as the holder thereof of $2,400 of six per cent. Ohio State Stocks deposited with the Treasurer of State as security for the circulating notes of said Bank;

For sixty shares of the capital stock of the Lorain Bank in Elyria, on which $4,500 have been paid, and a check of said Bank for $1,500, dated ————————, which certificate and check are the product of a certain power of attorney given to said Bliss by Herman Ely, authorizing him as attorney of said Ely, to sell and dispose of $6,000 of the certificate stock of said Bank.

Also, received of the said Dennison the following notes:

Three (3) notes for $566.66 each, dated June 24, 1852, made by Jas. H. Beebe, payable 8, and 16, months, and two years after date, to the order of said Bliss, secured by mortgage on certain real estate in Columbus, and indorsed by said Bliss.

Four (4) notes for $500 each, dated August 17, 1852, made by A. G. Lawrence and A. L. Keith, payable 6, 12 and 18 months, and two years after date, to H. G. Bliss or order, and indorsed by him and said Albert A. Bliss.

One (1) for $5,000, dated Sept. 17, 1852, made by Church & Chittenden, payable 12 months after date, to the order of W. B. Hotchkiss, and indorsed by him and W. E. Chittenden.

One (1) for $5,000, dated Janesville, Wisconsin, Sept. 17, 1852, A. Hyatt Smith, payable 12 months after date, payable to J. Bedwell Doe or order, and indorsed by him.

One (1) note for $2,000, dated Nov. 23, 1852, made by M. R. Keith, payable ten months after date to the order of said W. Dennison, Jr.

One (1) note for $2,000, made by B. E. Smith, payable 12 months after date, Nov. 29, 1852, to the order of J. F. Bartlit, and indorsed by him.

Two (2) notes for $1,500 each, dated Sept. 29, 1852, made by J. E. Beebe, payable 6 and 9 months after date, to the order of H. G. Bliss, and indorsed by him.

Also, received of said Dennison, a deed of quit claim executed by him, and his wife, Anne Eliza Dennison, dated Dec. 21, 1852, of certain lots or parcels of land situate in Columbus, and Elyria, Lorain county, Ohio, particularly described in a deed executed by me, the said Bliss, to said Dennison, dated June 25, 1852, recorded in the Recorder's Office of Franklin county, Ohio, in Book No. 48, pages 216 and 217—all of which property, personal and real, was assigned, conveyed and delivered to said Dennison by me, in form absolute, but in fact upon certain trusts, and which he has now returned to me as aforesaid, with the consent and approval of the cestui que trusts, and at my instance and request.

A. A. BLISS.

Attest: W. S. SULLIVANT.

Testimony of D. W. Deshler, taken before the Commission, June 22, 1858.

D. W. Deshler, after being duly sworn, deposeth and says:

I was the cashier of the Clinton Bank of Columbus, during the time Mr. Bliss was Treasurer of State. Mr. Whitehill, the former Treasurer, kept a deposit account with the Clinton Bank, and the account was continued during Mr. Bliss' term. I was not one of the securities for Mr. Bliss. Mr. Sullivant, who was president of the Bank, was one of his sureties, not so much on his personal account, as the representative of the interest of the Bank. Although not personally one of the securities, I felt under obligations to Mr. Sullivant to share the responsibility with him. There was a memorandum in writing, between us, to that effect. There was no agreement with Mr. Bliss as to interest to be allowed him on his deposits, personally or officially, but there was some interest paid to him. Mr. Bliss did deposit money with the Bank which was not credited to him in his account, for which certificates of deposit were issued; and upon this deposit account, interest was paid to him at the rate of four per cent. per annum. These certificates were redeemed or paid on presentation, being returned to the Bank through various channels the same

as other certificates. These deposits of Mr. Bliss for which certificates were given, were claimed by him as being his private funds, but I was somewhat suspicious that they were in reality the funds of the State It was rumored that Mr. Bliss was connected in some operations with a Mr. Chittenden of New York, and was engaged in some real estate speculations, which led me to suspect he was using the money belonging to the Treasury. It was not, however, until after Mr. Bliss went out of office, that I knew of his defalcation. Some two or three months afterwards, I inquired of Mr. Breslin as to the condition of Bliss' accounts. He stated there was a deficiency, but that the amount had not been ascertained,—his answer being somewhat evasive. The sureties insisted upon knowing the exact amount, and were given to understand by Breslin and Bliss that it was about $70,000.

I took an active part with the sureties in obtaining from Bliss a transfer of assets for their security. Mr. Dennison became trustee, and afterwards Mr. Sullivant Some checks, the amount of $65,000, were given to Mr. Breslin in payment of Mr. Bliss' defalcation. About $25,000 was realized from Bliss' assets, by Carrington, the attorney, and paid over to Breslin, and the balance was arranged in some way between Bartlit & Smith, and Bliss and Breslin, and the sureties.

The $40,000 unpaid checks were protested, and prosecution threatened by Mr. Breslin. The sureties determined to contest the whole matter, and so informed Mr. Breslin. Propositions were then made by Mr. Breslin to compromise by the sureties paying $15,000 to him personally, and transferring the property to him. He seemed very anxious to get out of the hands of the trustee, the property conveyed by Bliss, and to keep the whole transaction secret. This the sureties partially agreed to do; but on receiving advices from Mr. Atwood, that Bliss had property in Chicago, and was abundantly able to indemnify them, they declined doing it. Mr. B. E. Smith, of the firm of Bartlit & Smith, then called upon Mr. Sullivant and myself, as a negotiator for Mr. Breslin. We met in their office, and pending the negotiations, a communication was kept up between them and Mr. Breslin, the meetings being held in the evening. The general basis of the proposition was, to take certain of the assets of Bliss, being some Piqua bonds, and other securities, pay some money, and convey to Bartlit & Smith all the real estate tranferred to Bliss' trustee; and in all these negotiations, Breslin, although not

outwardly acting, seemed to direct and control the action of Bartlit & Smith. Mr. Bliss also took part, and insisted on putting down the real estate and other property at certain prices, which was agreed to; but Bartlit & Smith would not agree unless we made up an additional amount, which we at last agreed to pay, say $2,000 or $3,000. This sum, I suppose, went to Bartlit & Smith, and was the final inducement to close the transaction.

The property conveyed to Bliss, and afterwards to Bartlit & Smith, was the real estate, stocks and notes formerly conveyed to Dennison as trustee, and afterwards to Mr. Sullivant, or such parts thereof as remained undisposed of, and at fair valuations, was worth the $40,000 and more, in addition to the cash paid to Bartlit & Smith by us. Included in the sum of $40,000 paid, was $12,000 of Columbus and Piqua Railroad bonds. Bartlit & Smith therefore received from Mr. Bliss, what we considered worth $40,000, and out of us besides a bonus of $2,000 or $3,000; to the latter payment by us, Mr. Bliss objected, saying he did not want his sureties to pay one cent. We, however, concluded to close the matter by a sacrifice.

A deposit account was kept with the Bank after Mr. Breslin came into office, but it was small. No interest was allowed to him, directly or indirectly, to my knowledge.

There were other transactions between the Bank and Mr. Breslin, of this character. He would bring into the Bank drafts and certificates of various Banks and bankers in different parts of the State, and request a draft for the aggregate amount to be remitted to Mr. Edgerton, then transfer agent. He would also deposit circulating notes of Banks of which he was the custodian of the stocks on which notes were issued, and receive currency for an equal amount, paying the Bank interest at six per cent. for the amount thus obtained; the transaction being in fact a loan to him by the Bank upon the deposit of these notes as security. The understanding was that the notes deposited by him were not to be put in circulation. From the number and peculiar character of the transactions of Mr. Breslin, and from the character of the persons with whom he did business, the Bank was led to believe that the Treasury was embarrassed in its condition, and that there must be some misapplication or misuse of the State funds, and that there must eventually be a loss to the State. I was suspicious of the extent of his transactions with

the Seneca County Bank, W. W. Cones & Co., and the City Bank of Cincinnati. The deposit of Bank notes above referred to as security for loans for Mr. Breslin, were generally in amounts of $5,000, $10,000 and $15,000, at a time. My suspicions were excited, that the notes thus deposited, were notes returned to him as Treasurer to be burned, and that they were not legitimately in his hands. Frequently, checks of the Auditor, or from the Board of Public Works, on the Treasury, would come into our hands in the course of business, on which, on presentation at the Treasury, it would be difficult to obtain the money, the Treasurer asking for a little time or accommodation for the payment; and this was at periods when the Treasurer had reported large amounts of money on hand.

During Mr. Breslin's last term of office, in a conversation with Mr. Morgan, Auditor of State, I intimated to him my suspicions in relation to Mr. Breslin's transactions, and my fears that a loss to the State might be the consequence. For the last four years, I have been president of the Franklin and the Exchange Banks of Columbus.

Mr. Gibson, as Treasurer, kept a small deposit account with the Franklin Bank, I believe none with the Exchange, but no interest was allowed him on deposits. I know nothing of his transactions, other than that he had connection in business with the same parties whose character and conduct had excited my suspicions, and that his management was but a continuation of Breslin's policy.

D. W. DESHLER.

Testimony of Wm. G. Deshler, of Columbus, Ohio, taken before the Commission, June 24, 1858.

Wm. G. Deshler, after being duly sworn, deposeth and says:

I entered the Clinton Bank of Columbus as Teller in the year 1842, and acted in that capacity until the expiration of its charter in 1853. At that time a new association was formed, called the Clinton Bank, of which I was Cashier, and am now acting in that capacity. D. W. Deshler was Cashier of the old Clinton Bank of Columbus.

Mr. Whitehill, Mr. Bliss, and Mr. Breslin, as Treasurers of State, kept accounts with the old Bank. Mr. Breslin continued his accounts with

the new Bank during his term of office, and Mr. Gibson, Treasurer, also kept an account with that Bank. I am not aware of any interest being paid Mr. Whitehill upon his deposit account, or upon certificates issued to him for deposit; but I think that Mr. Bliss received interest upon certificates of deposits, and I believe that Mr. Breslin received interest for his deposits in some form. Interest might have been paid to these depositors, and although entered on the books to the debit of interest account, if the intention was to conceal the transaction, it would not appear as having been paid to them. Exchanges of the circulating notes of the Bank may have been made with the Treasurers for other notes, for the purpose of giving circulation to our notes, but I have no knowledge of such transactions. I do not know that Mr. Breslin ever deposited as collateral any Bank notes, of which he was the custodian of the Stocks, as security for loans to him, with the Clinton Bank. I understood he did so with the Franklin Bank. I think we never made any loan to Mr. Breslin. I have made exchanges of Bank notes with Mr. Breslin at various times, but never to such an amount as to lead me to suspect he was endeavoring to circulate notes that had been returned to him for redemption, or to be burned.

With the new Bank, Mr. Breslin's deposit account amounted, in 1854, to $175,587.03; in 1855, to $78,924.87. There was no allowance of interest to him in any form, or to any amount, upon his deposits, special or otherwise. If any advantage resulted to Mr. Breslin from his connection with the Bank, it was from obtaining exchange at par, or under current rates, in consideration of his money being left with us. Mr. Breslin may also have been benefitted by my making bankable with us, at his request, Bank notes of other States; among which were Farmers' and Merchants' Bank of Greensborough, Maryland, Elkhart County Bank, Indiana, and Cumberland Savings Bank, Md., in which it was rumored he had an interest. He agreed to protect me against loss, in case of the failure of these Banks. The amounts were not generally large, varying from $500 to $2,500 in a package.

Never having loaned Mr. Breslin any money, he was indebted to the Bank only on his checks, or where I held our drafts upon him. I suspected, during Mr. Breslin's first term, that the Treasury was being used by him in his private operations; as frequently, when I had drafts upon the Treasury, he was unable to pay them upon presentation, and often

asked that a little time might be given him. On some occasions, I took the money of other States above referred to, of him on account of these drafts, because he seemed to have no other.

At the time I received the $50,000 draft upon him from Mr. Edgerton, he had no money to his credit in the Bank to any amount. The largest amount, as shown by the books, to his credit during that month, October, 1855, was about $5,700.

The notes above referred to as having been made bankable, by me for Mr. Breslin, were not circulated here in this community; but if they accumulated to any amount, I sent them away to get rid of them.

I know of no moneys being remitted to Mr. Breslin, since his absence, through any channel.

The amount deposited with me by Mr. Gibson, as Treasurer, was $28,744.97.

In the report made by Mr. Gibson in March, 1856, he states he held certificates of the Clinton Bank to the amount of $113,638. On an examination of the books, to ascertain the correctness of this statement, I find we had issued to O. P. Hines, Treasurer of Franklin county, a certificate of deposit for $40,000, which was outstanding the 14th March, 1856, and which we afterwards paid to Mr. Gibson. I find also, two certificates in Gibson's name proper—one for $760, and one for $3,000, also unpaid, which were paid to Gibson. We also had a large amount of certificates outstanding at that time, but in whose hands they were I cannot tell, except a certificate issued to J. B. Moore, Treasurer, of $9,878, which was paid to Bartlit & Smith, and it is my belief that was one of the certificates held by Mr. Gibson at the time he made his report. I have no recollection of ever giving Gibson a draft for $60,000. He may have given me drafts or checks on other Banks or parties, in smaller amounts, for which he received a draft of that amount in exchange. There is no entry on our books, of a draft issued to Mr. Gibson, or any body else, on the 4th of February, 1856, on Atwood & Co., payable May 1, 1856, for $60,000, acceptance waived. We have never paid any such draft. If any such draft was ever given, it was taken up before presentation, for it was never paid. I have accommodated the Treasury in two ways: first, by holding Canal checks, without getting for them the Auditor's drafts upon the Treasury, having been requested by the Treasurer to do so, on advising him of my holding them; second,

in holding warrants upon the Treasury without demanding payment, or if I demanded payment, receiving it in small amounts, from time to time, for the accommodation of the Treasurer. I knew of Breslin's being short, or out of funds, and that was also a matter of common report. I knew this during his first term, and it continued worse during his second term. I never met with Breslin after office hours for the purpose of obtaining deposits, or making loans. I never loaned him a dollar, unless it was occasioned by an over draft of $750, for which I took his note. Never was in his office at night. Never solicited deposits from him. I judged of Breslin's interest in the Bank circulation he agreed to protect, as above stated, from his solicitude in regard to it.

I do not recollect of Mr. Breslin saying to me that he did not want the Transfer Agent in New York to know with whom he did business, or where he kept his deposits; the arrangement was, that I got from him sight drafts, and gave him time drafts, thereby gaining the interest. I would send these sight drafts on immediately for collection—never was told by him to retain them. I never gave Mr. Breslin any accommodation draft, or certificate, or any other evidence of indebtedness, unless I had received from him the full equivalent therefor previously. Neither he, nor Bliss, nor Gibson, ever received from me, or from the Bank, to my knowledge, any sort of accommodation paper which was to be returned to me, or by which either of them were, or could be enabled to make any representation of indebtedness from me, or the Bank, which was not of a bona fide character.

I recognize the following statement, as one collated from the books of the old Clinton Bank of Columbus, by Mr. Reemelin, in my presence:

Treasurer Joseph Whitehill had in our Bank, from December, 1846, to March 1, 1847			$16,540 00
1847.			
April 14, Certificates were issued to A. A. Bliss, marked in day book (sett.)	$10,000 00		
	5,000 00		
	5,000 00		
			20,000 00
July 1, Certificate to A. A. Bliss, paid Nov. 22			5,000 00

1849.

Jan. 3,	Certificate to A. A. B., paid May 24, 1849		10,000 00
" 15,	"	" " Jan. 15, 1849	3,000 00
May 3,	"	" " May 24, 1849	1,500 00

1850.

Jan. 10,	Certificate to A. A. B., paid		5,000 00
" 12,	"	" paid	2,500 00

1851.

Feb. 18,	Certificate to A. A. B., paid Feb. 19, 1851		16,983 94
May 21,	"	E. N. S., paid Dec. 9, 1851	10,300 00

(This certificate is in the day book only $10,000, the $300 is interest.)

1852.

Feb. 29,	J. G. B., paid March 20		6,000 00
" 29,	"	" " 25	5,100 00
Dec. 16,	"	" May 19, 1853	12,000 00

1853.

Jan. 7,	3 J. G. B., paid May 19, 1853		12,000 00
Feb. 8,	"	" " "	5,000 00
" 8,	"	" " "	10,000 00
" 11,	"	" " "	13,000 00
" 11,	"	" " "	10,000 00
" 12,	"	" " "	8,000 00
" 15,	"	paid Aug. 11, 1853	2,894 00
May 19,	"	" "	1,069 84
" 21,	"	" "	7,000 00
" 21,	"	" "	7,000 00
Dec. 22,	"	paid March 29	17,000 00
" 31,	"	" June 30	7,837 94

The following are entries in Interest account:

1847.

Oct. 16,	A. A. Bliss	$250 00

1848.

Dec. 3,	A. A. Bliss	250 00

1849.

April 3,	A. A. Bliss	250 00
June 30,	"	500 00

1850.				
Jan. 3,	A. A. Bliss		$500 00	
May 24,	A. A. Bliss, being on certificate 3087, for $10,000, dated January 3, 1849		556 00	
				$2,306 00
1850.				
Feb. 12,	Fund Commissioner		53 33	
Mar. 9,	" "		66 66	
Oct. 3,	" "		1,000 00	
1851.				
Jan. 22,	Fund Commissioner		536 25	
April 1,	" "	Interest 9 months on $10,000	400 00	
May 21,	" "		400 00	
				2,456 24
1853.				
May 19,	paid Aug. 11, (see above to J. G. Breslin)			1,069 84
	Total Interest			$5,832 08

W. G. DESHLER.

Testimony of Charles L. Johnson, of Tiffin, Ohio, taken before the Commission, July 21, 1858.

C. L. Johnson, after being duly sworn, deposeth and says:

I was the cashier of the Seneca County Bank, Ohio, from July, 1854, to May, 1857. I had been previously cashier of the Elkhart County Bank, in Indiana; and previous to that, cashier of the Newport Safety Fund Bank, Kentucky. I have never been an officer of any other Bank than those named. I had been a merchant, and merchant's clerk, in Tiffin, from 1842 till 1853. I had dealt some in exchange as a merchant. I am a native of New York. I was not acquainted with Mr. Bliss, former State Treasurer. I know nothing, nor have I heard anything of the connection of Bliss with the Seneca County Bank. The relations of Bliss to Chittenden, I know only from rumor. I have heard S. Waggoner say that Chittenden was appointed cashier of the Seneca County Bank because he was a friend of Bliss, and of his acquaintance with him. Mr.

Waggoner told me also, that there were busines connections between Bliss and Chittenden, at and through the Bank, whose precise nature he did not know. I have heard of the losses sustained by the Bank through Chittenden, and during his administration, but do not know their amount or nature, nor whether they are now closed, as they formed no part of the liabilities nor resources of the new organization, of which I was cashier.

Some time in the spring of 1854, Mr. Gibson, with my knowledge and at my instance, commenced negotiations for the transfer to us, of the franchises and State stocks of the Seneca County Bank. I presume Mr. Breslin was privy to these negotiations going on. I had myself conversations with Breslin upon the subject, both before the negotiations were closed, and about that time. Mr. Breslin and myself conversed about the suit pending against the Bank, I introducing the subject by inquiring of him, whether the pendency of this suit by the attorney general, in the nature of a quo warranto, would prevent him from giving us circulation, as we would be entitled for it, by complying with the law. His reply was, that he would, but that he thought he would first consult the attorney general. He told me that he had consulted with the atorney general, and that I could go on, and that circulation would be furnished as we would show ourselves entitled to it. I do not recollect whether this took place at Tiffin or Columbus. I had no conversation then with Breslin about his aiding the new Bank by making it the depository of State funds. I expected that Breslin would do so, but had no conversation with him, to my recollection. I expected it, because I believed I had Breslin's friendship, and thought that he would assist me all he could. I had had business transactions with Breslin, and had reasons for taking it for granted that such was his disposition towards me We met very frequently at Cincinnati, at the Winne House, and he would give me letters of introduction to parties whenever I would ask him for it; to Coe for instance, and to Atwood in New York. This friendship has existed for years, and previous to his being elected State Treasurer. We were of opposite politics. We had various business transactions,—we would exchange "currency." I would give him currency in whose circulation I felt interested, and he would give me other notes for it. Sometimes he would do so, and sometimes he would not. After I became cashier of the Seneca County Bank, Breslin may have given me currency which he

would request to be carefully circulated as an accommodation from persons who had requested this favor of them. I had my opinion of Breslin's interest in the currency thus handed to me, but had no reasons except a mere impression to that effect. Bankers aid circulation of other Banks, though they may not be interested in those Banks; and Breslin would mention to me the names of bankers at whose instance he handed me such currency. They were generally of Ohio Banks, such as that of the Bank of Norwalk, of which Gardiner is cashier; though not more frequently of that than any other. It was generally understood that all packages of currency either received from him or others, was to be carefully circulated, even if nothing was said. I would sometimes give him exchange on New York for this currency, and again he would give me exchange for my currency. I made the same arrangements with him as to Newport Safety Fund money, as I would hand him packages. I had told Breslin that I would personally see him harmless in reference to the Newport Safety Fund notes, as he apparently hesitated sometimes about receiving it. He would make inquiries about the concern, and express an anxiety about its solvency, so that it should not break, and leave a lot of money on his hands. I made him then the above promise. Breslin was willing to pay out anything at the State Treasury that was current in Cincinnati. After the Newport Safety Fund Bank went down, I took from Breslin all he had of that Bank. He gave me, before the Bank went down, all the small notes he had, being those which under the special charter of the Bank, were not secured by deposit of stocks, nor registered, being all under five dollars. There was some doubt whether the Bank could issue these small notes, the Auditor of State in Kentucky deciding, as I understood, that the Bank could do so. Afterwards, Breslin handed me back some four or five thousand dollars of the large secured notes. I took them all from him at par, and gave him currency or exchange for it. This was after I became cashier at Tiffin. One-half of the stocks deposited in Kentucky for the Newport Safety Fund Bank, were Kentucky State stocks; the other half was real estate. I am confident, that Breslin never contemplated to be, nor ever was, interested in the Bank as stockholder, or otherwise. The Bank had been in existence for some time before I came there, and I do not know what, if any, had been Breslin's relation to it. I proposed to take an interest in the Bank myself, and made propositions for funds to do so, to Breslin,—the

proposition being, that Breslin was to hold Newport Safety Fund money for a certain time then named; but he declined to hold currency any specified time, though expressed a willingness to exchange currency, and to assist me in giving Newport Safety Fund Bank notes circulation under my promise to keep the institution all right, and to protect him against loss. Mr. Langdon, of Kentucky, was the person that called upon me to go into the Newport Bank as cashier. I made Mr. Langdon's acquaintance at Tiffin, Mr. Langdon then being with Mr. Waggoner at his office, the Ohio Savings Institute at Tiffin. I have sometimes thought that the owners of the Bank selected me, at Langdon's suggestion, on account of my known friendly relations with Breslin. I would call upon Breslin at Cincinnati, knowing of his being there. We had frequent correspondence together of a friendly nature, and we would go to Tiffin together, to spend the Sabbath there—Breslin going by way of Cincinnati, the road across to Urbana not then being completed. Breslin doubtless had business at Cincinnati, and I would most of the time there give him packages of circulating notes of the Newport Bank, and he would return by express and mail, other notes in return. I have also sent him notes by express. These exchanges were always made at my instance.

I have a claim against McArthur, arising out of my business transactions with that gentleman and the Bank. The amount of that claim is not yet settled. It is over $20,000. There has been real estate conveyed to me for a part, and other securities as collateral to secure it. Including interest and exchange, it may amount to $30,000. The loan made to McArthur by the Seneca County Bank, was for the notes returned to me by Breslin, and perhaps a small amount outside of it. Another item in the indebtedness of Mr. McArthur, arose from the fact that I sent him some $9,000 to take up at the Ohio agency for the redemption of Western money, an equal amount of Elkhart County Bank notes. The notes were taken up, then again used by Mr. McArthur, and Mr. McArthur has over-conveyed property to secure me. With this latter transaction, Breslin is in nowise connected. Breslin does not, either remotely, or directly, or indirectly, or in any manner whatever, have any interest, claim or property, in this claim of mine against McArthur; nor does he ever expect, nor has he any right to share in it. The same is true about Mr. Gibson.

While I was cashier at the Elkhart County Bank, the same relation as at the Newport Safety Fund Bank existed. Breslin would exchange currency with me, and I with him. No loss has arisen to Breslin out of these transactions. Breslin did not, to my knowledge aid me in getting up the Elkhart County Bank, except by exchanges of currency, and endorsing for me. He knew what I was doing, but I do not recollect that anything was said, though I have no doubt I mentioned it to him. We had much conversation in reference to Elkhart County Bank.

Sometime in 1853, I went to Goshen, the county seat of Elkhart county, Indiana, alone, having selected that spot to get up a bank at my own suggestion; and while there arranged the preliminaries for getting it up. I sent my papers to the Auditor of State. I intended to get up a bank with small circulation, and to do a small banking business. I fell in with John G. Camp, of Sandusky, Ohio. He suggested to go in with me, and to make money, simply by getting up a circulation and protecting it, looking to the interest from the bonds for our profit. The way we would do, would be this: I would, as cashier of the Elkhart County Bank, draw 30 or 40 days paper, or such time as might be agreed upon, on Camp, President of the Sandusky Bank, or draw directly on the bank. With that paper, the State stocks would be bought, and deposited with the State officers in Indiana, and the circulation obtained. With the circulation we would take up the paper before spoken of. This transaction would be repeated as often as desired, and as the necessities of the bank required. Camp and myself entered into an agreement, three parties were to be interested in it; I to control and manage the bank, to have the assistance of J. G. Camp in giving the notes of the bank a good circulation, and in protecting it, and in procuring bonds for getting circulating notes from the State officers by depositing them with them at Indianapolis. When I signed the agreement, the third party was left blank. It was understood to be a friend of Camp. I suspected it to be Breslin, though Breslin, in a conversation, denied it positively; the denial was however made in such a way as to leave my suspicion unremoved. I have not seen the agreement since. The business, except exchanges of currency with Breslin, as above explained, I did with Mr. Camp, who was to have two-thirds of the profits paid over to him. Mr Camp was to assist specially in getting bonds for circulation, I by instructions from Camp, remitting to Atwood & Co., in a few

instances. Atwood bought, I think, some $100,000 of North Carolina bonds. $100,000, and more, perhaps, were bought from Corning & Co. There was altogether, some $400,000 of bonds obtained, and they consisted of Indiana 2½ per cent., North Carolina, Virginia, and Louisiana bonds, and some $20,000 of Ohio bonds. As soon as I got bonds of Camp, and as quick as circulating notes could be got from Indianapolis, I converted them into exchange, or let Camp do so, and remit proceeds to New York, or deliver them to Mr. Camp to pay for the bonds previously delivered to me. I never made Goshen my home—would occasionally visit it for a day or part of a day. The Goshen bank, at Goshen, and in the commencement a business firm at Goshen, whose name I forgot, (a Doctor Ellis was a member of the firm) redeemed the circulation of the Elkhart County Bank, under arrangements with me, I leaving with them gold to enable them to do so. They advised me of the redemption, and I sent them gold again, and perhaps exchange, for similar amounts as redeemed. Tiffin was my home, and there I resided most of my time, my connection with the Newport Safety Fund Bank having ceased. When the panic against Indiana free banking arose, we wound the bank up as rapidly as possible, because the whole of that system of banking in Indiana had become discredited, and the notes would not be received at Cincinnati and other places, and thus their credit was destroyed. I had, by that time, become cashier of the Seneca County Bank, a position I accepted, from the consideration, among others, to aid me in protecting Elkhart county circulation, and in my other private business, though this expectation of mine was not realized. I cannot state positively how much actual means either I or Camp put into the Elkhart County Bank. I do not think that we had over $10,000. Mr. Camp furnished means only temporarily, and all means furnished either by him or any other person through him, I returned. Breslin only aided me, as already stated, by exchanging currency. I immediately returning to him equivalent in other currency or exchange. My transactions with Breslin as to the Elkhart County Bank, were done precisely as transactions were in reference to banks in which he had no interest, nor would the transactions show on their face any such interest. He would occasionally accommodate me, by exchanges of currency, and by cashing, or getting cashed, certificates of deposit, but to no larger extent, nor more frequently than other transactions, in fact, not as

large, Breslin several times denying to me that he was the third party in interest in the Elkhart County Bank. The agreement between Camp and myself was drawn up at the Burnet House in Cincinnati. Camp and Breslin were there, and Camp and Breslin conferred together. H. Dwight Williams was also about us at that time; but Breslin expressly said to me, "you must not suppose that because Camp and I happen to be here, that I am interested in your project." I had my own opinion, and retain that to-day, and that was, that Breslin was interested as already stated, and I believed that one-third of the profit would be paid to Breslin. Mr. Breslin has always studiously avoided talking to me about his business. He told me of the failure of Cones, Beckel, and the Toledo Bank, before it was publicly known. The profits were never ascertained. The bank is closed up, Mr. Camp retiring previously, and the closing up became a matter of my own. They—Camp and his friend—never got any profits. I made some profits, through the interest from the stocks, and closing the bank up. I bought other Western notes at a discount, say seventy cents on the dollar, and got Elkhart for the face of them I also got the coupons of the Elkhart county Bank at Indianapolis, by the permission of the State officers, in advance of the time they were due, by returning Elkhart county notes for them, and used these coupons to raise money on them, and with the money purchased notes of Western banks. I would have to change my manner of operation as circumstances required. I do not think that Camp ever got a single one of the State bonds deposited for Elkhart notes at Indianapolis. I think I did obtain money from Breslin for some bonds previously deposited at Indianapolis, and obtained from there by returning Elkhart county notes. I do not know whether they were Virginia or North Carolina bonds. I think it was $10,000. He gave me full value for them in currency, or something available to me as money. I think he took them, and sent them to Atwood, and allowed me what they were sold for. There never was an actual banking office kept at Goshen, for the Elkhart County Bank. We used only its circulation, nor did we ever do any banking business of any kind at Goshen. There were no books kept for the Elkhart County Bank, nor no clerk appointed. We paid some interest and exchange on the drafts made to buy bonds with, and I collected the interest on the bonds. I kept an account of these amounts with a view to a settlement with Camp as to the profits, but

as Camp stepped out, no settlement was ever made, and I have not now that memorandum book, nor have I kept any account since. Mr. W. O. Spaythe was my agent in buying up Western notes with which to get Elkhart notes from banks which held them. All the Elkhart county money, so far as I know, is now redeemed.

The books now shown me, are the books of the Seneca County Bank, kept by Mr. Kennedy during my administration of the bank as cashier. The $100,000 of stock subscription is correct, or rather the amount of stock respectively affixed to the persons names on page 1 of the journal is correct. Thirty per cent. was paid in cash. I think the money was deposited with Toomb Huss & Co., and part of it was exchange and coin. For $70,000 of the stock, stock notes were given. Most of these notes, at least the larger six months notes, were renewed several times. My larger note of $15,000 was renewed once, and then paid. Some of the notes remained during the existence of the bank by renewal, and the notes were handed back to the parties on its dissolution.

The notes or collection bills on the first page of "collections" book, were bills due me from persons outside of the Bank. I got no money on them from the Bank, except they were paid.

I cannot tell how it was that I owed some $20,000 about the time the Bank was closed, unless it was that I was gradually receiving back my stock. The amount of stock I held at the close was $33,000, and on receiving credit for that amount on my individual account, there was, after wiping out the $20,139 98 I owed, due me as stockholder $12,860 02. I assumed the premium that had, on the purchase of the Bank, been paid for the State stocks and the franchises, and also all premiums that had been paid on State stocks,—the amount being $11,083 75. The remaining amount I must, upon the division, have got in cash or its equivalent.

In declaring dividends, we made, preliminary to it, a full examination of the Bank and its assets, and dividends were only declared by a board of directors, upon careful examination. Any losses we would meet, we would charge to interest account, also all suspenses; and it was safe, therefore, to divide all the interest account showed as our earnings.

Breslin bought for us the $10,000 of State stocks entered on the first page of the journal No. 1.

The $68,257 38 entered as stocks deposited with Treasurer of State, we believed to be correct from an official statement furnished to us by

the Treasurer of State. The premium we entered on page 2, $3,959, we took according to the value of State stocks at that time in New York, and this amount was used to pay in part the price paid Arnold and Toombs for transferring the capital stock of the Bank. The lump price was $10,000, which I gradually wiped out through my interest account. It was intended that the books should not show it, and they do not as paid for that purpose.

The $12,000 of North Carolina bonds, on page 8, of journal 1, are bonds which I deposited in the Bank, and got $12,000 credit on deposit book. The bonds were intended to be sent to the American Exchange Bank, but were not sent, and afterwards returned to me, and I was charged for them Nov. 13. They were bonds I had got out of the Elkhart County Bank.

The $11,000 draft on Atwood & Co., is an accommodation from Toomb, Huss & Co. to me. Both of these entries and counter entries are makers of my own personal concern, whose precise nature I do not recollect.

The $5,468 credited to the American Exchange Bank, January 9, 1855, is, as the entry shows, a draft on that Bank which Breslin got of our Bank. It was paid Feb. 12, and it is so charged to us.

The entry of $2,335 is for coupons of sundry State stocks which were deposited for the Elkhart County Bank, and for these coupons must have paid me cash, as there is no credit entry.

The $1,770 entered January 27, 1855, is for coupons of North Carolina and Virginia State stocks, which were sent to us from W. O. Spaythe, cashier of Mr. Redfield's Bank at Fort Wayne.

The $4,000 of cancelled drafts were given to W. O. Spaythe by me, to take with him to use, if necessary, for buying up Elkhart County Bank notes, or Western notes, as already explained. He had no use for the drafts, and they were returned, and charged back again to the Bank to which it had been credited

The $10,000 credited Feb. 6, 1855, to American Exchange Bank, are for a draft given J. G. Breslin on that day on that Bank, which draft was paid March 2d, as the account current of the American Exchange Bank shows.

The $56,179 58 entered to my credit Feb. 24, and charged same day to American Exchange Bank, was for drafts on the east, which I got

from Breslin, and for which, Feb. 27, as the entry shows, I gave Breslin a draft on the American Exchange Bank. There could have been no other object in my getting the drafts from Breslin, except to get the interest at New York for our Bank, as we got interest of 4 per cent. for all balances due us. $15,500 were paid March 12, and $40,679 58 were paid March 2.

The same answer I have to give about the $6,000, March 5, 1855, for Bartlit & Smith's draft of the same amount.

The $11,538 entered March 17, is a different transaction for $3,000; for $8,538, it is the same as previous transactions, whose precise object I do not exactly recollect.

The $15,000 entered March 24, is for that amount of money paid by me for my stock note given at the time the new organization went into business.

The first $27,000, entry of May 5, 1855, is for State stocks which Breslin borrowed, and gave me circulation of our notes. Breslin gave me a receipt for the domestic bonds, without stating numbers, and I gave him a receipt for the circulation which was delivered to me. The date in the book is not correct. It was sometime previous—about two or three months. I do not know who he borrowed them of, nor do I know that he ever had them. The president was informed of this, and all transactions. The board of directors had authorized me, in concert with the State Treasurer, to get up our circulation. This amount run along until after our August report, after which it was closed.

There was a similar transaction November 4, 1854, for $30,000.

There were other transactions where we got circulating notes before there were any State stocks in the Treasury. There always was an agreement in reference to the matter, how it should be made. We would get from Breslin circulation, and give me time to purchase bonds, and to place them in the State Treasury. Sometimes it would be ten days, sometimes a month. In one instance when we presented the State stocks at the Treasury for the $17,000, we took up the receipts given. There was no entry in the Treasurer's books for the circulation, nor for the stocks.

Breslin frequently purchased stocks for us at our request. He had better opportunities than we had to buy them, as he was in frequent

intercourse with Banks of the State that had them to sell. The $3,969, May 11, for a bond of $3,675, was purchased by Breslin.

The $10,000 2½ per cent. Indiana bond sent, May 17, 1855, to the American Exchange Bank, came from me, and I obtained it from the Elkhart County Bank. Aug. 8, it was sold for $5,375. I have no earthly doubt, that the Seneca County Bank paid me only the latter sum. I forget how the $10,000 stood from May 17 to Aug. 8; the clerk may have had a mere memorandum evidencing that I had deposited this bond, thus keeping his cash account straight, for which $10,000 had been charged the American Exchange Bank. I may have had the use of part of the money during this time.

The $3,893 36, June 6, was a draft sold Breslin; so was that of $4,690, June 13

The $5,400, June 15, is for a draft on the American Exchange Bank, given to Breslin, as I presume, for the $5,000 State bond, with premium and interest accrued, which is entered day before.

The $12,600 draft on John Thompson, obtained from Bartlit & Smith, June 21, 1855, and for which, next day, Breslin got a draft on the American Exchange Bank for the same amount, is a change of drafts, the object of which I cannot explain.

For the $20,000 draft given to Breslin, June 25, 1855, we must have got the money or its equivalent. The same must be the case for the $9,807 57 draft, on 26th of June.

The mark C. K. or O. K, June 28, for bonds Toomb, Huss & Co. exchanged, I cannot explain.

The $19,000 of currency sent out to sundry bankers, August 7, may have been ours or mixed.

All drafts obtained by Mr. Breslin, were either actual purchases of drafts by him, for which he paid us money, or exchanges of drafts for purposes already explained Mr. Breslin's mode of doing business was peculiar, and he is peculiar in all his actions. He handed me once a package of money carelessly in the hotel, done up in a newspaper, and spoke of it jocosely as a document from Sam Medary to be handed to the editor of a newspaper. I knew what he meant—had been expecting the money, and had promised him exchange for it. He would very seldom speak of his business, nor explain his motives for having transactions done in one manner or another. I avoided making any inquiries

about his business. He would hand me eastern drafts, and not utter any more than a simple request for our draft for the same amount. The bill discounted, of which J. W. Dutton & Co., bankers at Muscatine, Iowa, were makers, and for which J. G. Breslin got the money, is an instance of this. We know nothing of the transaction, except that J. W. Dutton & Co were in business at Muscatine, that Bartlit & Smith were endorsers, and that the bill was payable at John Thompson's in New York. We never knew, nor did we inquire, how Breslin got the bill, nor how he was connected with Dutton & Co. Breslin intimated that it was for Bartlit & Smith. We had the impression that the company of Dutton & Co. were Bartlit & Smith. Mr. Dutton had gone West from Bartlit & Smith's office, as I understood. I have heard Breslin speak of Dutton as a promising young man. He is now in the firm of Dutton & Abbott.

Neither Mr. Breslin nor Gibson, ever intimated to me that there was any trouble about Breslin paying over the balances due at the time Gibson took the office, nor afterwards; on the contrary, Gibson said to me, that he found everything all right. I have no suspicions of my own, which would lead me to doubt either Breslin's or Gibson's solvency as public officers or otherwise. The facts known to me, about exchanges of currency, as they involved no losses, made no unfavorable impression, as I did not regard it improper nor criminal to thus use the public money. I looked upon it as customary, and sanctioned by long usage. Breslin giving me circulating notes before he had bonds in his possession, did not make me think that he might be doing that for others; nor did it make me suspect that he was doing his business rather loosely. I possessed his confidence and friendship, and ascribed to that his accommodating me in this manner. I do not recollect whether Breslin expressed an anxiety to buy State stocks to keep them from the Auditor of State; he once said, that he had just bought some State stocks which the Auditor would have got if he had not purchased them.

In July, 1856, after Breslin had gone out of office, and was in Tiffin on a visit, I had a settlement with Breslin, and took from him a receipt, of which the following is a copy:

TIFFIN, July 4, 1856.

Received of C. L. Johnson, twenty-five thousand dollars, on acc't in full.

$25,000. JOHN G. BRESLIN.

I did not pay him that sum on that day. It was an interchange of checks and accounts, and a balancing of respective claims, and very little money was paid him on that day. Our accounts were squared on that day. The nature of our accounts had nothing to do with any accounts or any matter that appears upon the books of the bank, or related to it in any manner, or was connected with the State Treasury. I had individual transactions with Breslin, outside of the bank and the Treasury, which he claimed were for other parties One of them, the largest, was the loan of $50,000, which he got for myself and Gibson, at the Greensborough bank. That transaction was with Breslin, he holding himself forth to me as the agent of Bartlit & Smith. I looked, however, upon the transaction as being done with Breslin, and gave him my note, payable to Breslin or bearer, in the currency of the Greensborough Bank. This note had been given up long before our last settlement. The note was paid. I have no statement, nor memorandum about the accounts settled by this receipt. I may have returned on that day, some Greensborough money to Breslin, and may have got my note above spoken of returned to me finally on that day. I owed $25 000 to Breslin once in my life, if he was the man of whom as owner I got the Greensborough money, and if he was a mere agent for others, I owed it to Bartlit & Smith. I have owed Breslin $25,000 outside of this Greensborough transaction. I have owed it to him for currency or exchange after bank hours, or away from bank, where I would give him my check for it When the bank opened, it was placed to some fictitious account, such as I could control, or my own account. I never owed him $25,000 outside of the transactions named. I had a transaction like this with Breslin: He would give me $30,000 of miscellaneous currency, which it would take me some two weeks to get upon the books of the bank. I would give my individual check for the amount, and deposit the currency in sums of $1,000, or more, in the name of citizens of our town, Toomb, Huss & Co., or any of our farmers, the certificates being issued payable to my order, which certificates I would hand to Breslin, and get endorsed on my check, given as above. This was done, because Breslin did not wish his own name to appear as a depositor in the bank. The package of money would be put into the vault of the bank as a special deposit, until gradually delivered over to the bank; when it became a debt of the bank, my check would be returned, and Breslin held the certificates.

The certificates are not noted as canceled on the books on the day that the drafts are issued, but were carried along awhile as cash items, and gradually entered. I have in my mind another such transaction, it may have been for $20,000. I did not give Mr. Breslin any State stocks at the time the above settlement was made. That settlement does not close all matters between myself and Breslin. I have a small account against him, some $300, for money paid out for him; part was for taxes; some I sent to Judge Hart in Cincinnati, for a small bill—none of it went to Breslin direct. There is no other account between me and Breslin, except as above stated, unless, if my surmise is right, that Breslin is a party to the Elkhart County Bank arrangement, there should have to be a settlement among us for that matter. I am confident, that Breslin and myself never engaged together in any matter or joint account to the amount of $100. Such is now my impression. Breslin is neither directly, nor indirectly, and in no wise with me, through me, or under me, concerned or engaged in the new free bank proposed to be started in Tiffin, and in which I have subscribed $25,000 stock. We have no stocks preparatory to getting circulation, and have abandoned the project, and are closing the business of the free bank, called Seneca County Bank, and organized March 30, 1857. It has been proposed, and a few preliminary meetings have been held, to establish a new bank in Tiffin, with a new name. I met with them, and some of the stockholders of the old Seneca County Bank have expressed a willingness to join the movement.

I have no recollection why, March 21, 1856, two drafts of $5,000 each, previously given to Bartlitt & Smith, were canceled. In transactions where Gibson furnished the bank with exchange for currency, our own drafts were returned, and this may have been drafts of that kind.

The credit to myself, January 31, 1856, of $34,925.19, was for drafts on the East, doubtless handed to me by Gibson. They were sent the same day to the American Exchange Bank; and February 4, Gibson gets drafts of us for that amount on the American Exchange Bank.

The same operation was gone through with, Jan. 11, for $29,781.85; January 17, for $29,235.29; and January 21, for $30,000; also, with Breslin's draft on Edgerton, Transfer Agent, Feb. 8, for $11,052.46; and the same is true of all similar transactions in the books.

The entry of $10,000, being draft given to Gibson, Feb. 22, and all

drafts given Gibson on banks and bankers in this State, were given for currency or its equivalent, received of Gibson, he agreeing to hold it, and not present it until I could make the account good. I would get short, and get these accommodations from Gibson.

The entries in "Sundries account" for transactions of mine with Breslin and Gibson, were entered in that account, and not to my own account, for convenience, and not to conceal the transactions. The entries in the Journal are to my name, but in the Ledger are in "Sundries account," as they were really not transactions of mine, and were not running accounts, and were understood to be wiped out again soon, as explained.

The note of $35,000, drawn by E. B. Searles on American Exchange Bank, was discounted by that bank. The character of E. B. Searles, and his pecuniary means, were not stated to the American Exchange Bank. The note was paid at maturity. E. B. Searles was a Clerk in our bank; his means were limited to his salary, and the note was given and taken for our accommodation, to make our account good at the American Exchange Bank. Drafts paid for $121,000 and upwards, July 2, 1856, and the note was gotten up and discounted at New York, to cover the amount we had drawn on that bank, or any amount we wished to draw. The bank sent forward State Stocks and other securities, collateral to Searles' note.

I do not recollect when we commenced getting Greensborough notes from Breslin, nor when we ceased to do so. The $50,000 got for myself and Gibson, embraces all the notes we got of that bank from or through Breslin.

I do not recollect when we first commenced circulating notes of the Cumberland Savings Bank. It was done by an arrangement with Spay the; perhaps had also conversation with Breslin about it; and the arrangement was, we sold the Maryland Bank exchange, and took her notes and circulated them by paying them out. I do not recollect when we ceased to receive and pay it out. I was not aware that Breslin was interested in that bank, except as surmise; nor do I recollect that Breslin solicited me to assist the bank by circulating notes; nor do I know that my surmise of Breslin's interest in it, was an inducement, latent or otherwise, for me to do so. Breslin either wrote to me, or said verbally,

tention to increase the circulation of the bank, previous to its close, to the amount that we were entitled to under its charter, $300,000. For that purpose I spoke to Mr. Gibson to assist me in the purchase of State Stocks therefor; at the same time asking him to let the Register issue some notes and deliver them to me, that the bank might prepare them, and have them ready for circulation. The agreement with Gibson was, that the same amount of circulating notes should be returned, when called for, or we would pay for Bonds or State Stocks when he would demand it. I received notes from time to time, up to the amount above named. No Stocks were purchased by the Treasurer nor ourselves, consequently the notes were returned. No entry was made in the bank's books until the matter was settled. The Register got a receipt, but was not entered on the Treasury books. These notes were used by the bank. I put them in the vault. I would use the new notes, and put old notes in their places, as I did not wish to have too many new notes circulating about this time. For all used by the bank, I held the certificate of deposit;—they went in gradually as a deposit. The certificates were payable to my order. The board of directors were not informed of the matter. The President was aware of it. Its details, however, were only known to me. I cannot tell when I got the first batch of those notes. I had frequently circulation in advance of mutilated notes returned, or Stocks.

I received a letter from Gibson on his way to New York from Buffalo, in relation to our bank matters. I went to C. K. Watson and R. G. Pennington, attorneys, and stated to them the transaction, and the situation I was in, and asked their advice as to what I should do. It was agreed, that as they were coming to Columbus, that they should do as they thought proper after reaching here, whether to advise with Mr. Stone about the matter or not. I suggested that it be explained to Governor Chase, and to follow his advice,—either to burn notes to that amount ourselves, or to return them to the Treasury. I followed Messrs. Pennington and Watson to Columbus. Mr. Stone had at that time made an examination, and had published that the circulation account was all right, excepting some $500. Watson and Pennington had said nothing, and had waited for me. The next day I went before the grand jury, and explained the transaction in full. I then met Messrs. Wolcott, Stone, and Governor Chase, and arranged it, by an agreement to return notes

for the full amount above stated, and to have them burned. They were so returned, and burned.

I had a conversation with Gibson the Thursday evening preceding his resignation, but this matter was not then mentioned. Gibson either wrote to me, or required verbally a return of the notes. I do not recollect when. If it was by letter, it was from Buffalo, Gibson, after his resignation, going immediately to New York.

I am aware that there is an over-issue in the circulation of the Seneca County Bank, but cannot state how it occurred. In the position that I am in, I do not want to give my impressions as to how it occurred. I do not think that Gibson or Breslin issued any of, either new circulation, or such as had been returned.

We kept a close account of all notes returned by us to be burned, distinguishing between circulation issued before and assumed by the new organization which came in July, 1854, and that issued by this organization. The whole issue as reported to us as outstanding was $68,237 38. We kept the account thus, with the view of ascertaining how much was made by lost bank paper—a question much discussed among bankers. We returned of this old circulation, which is easily distinguished by the officers' names, $60,000,—a few dollars more or less. Among the $32,-128 returned in place of the State stocks used by Gibson in New York, there were over $5,000 of the old notes, as I am advised by the teller. In the $34,000 there must have been some of the old circulation. There are $100,000 of our notes now in the State Treasury, as I am told, and I suppose some old notes are among those. At any rate, more than the $68,237 38 of old circulation has been burned. I think I spoke to Breslin, in Canada, when I was there with Gibson. I do not recollect the nature of the conversation. I called upon Gibson for an explanation of a statement made to me by Benham, clerk of the State Treasury. Gibson could not explain, and in the conversation, said to me he would write to Breslin for information. Gibson received the following reply to his inquiry:

Saturday Evening, March 12.

Dear William:—Yours of the 10th came this evening. I cannot account for the over-issue in the Seneca County Bank.

You will find that at the organization of the bank, stocks sufficient were not deposited, as the law required. Hume always said to me, that

there was something wrong about Seneca *at the beginning*, but he could not tell what; and when I took charge of the office, Bliss gave me a bond as cash, which he took from the package of Seneca bonds out of the safe, which he said belonged to him.

Have you ever spoken to Hume about the *original deposit* of stocks? It was only, I think, $25,000. I do not remember that that account was ever straightened—it could not be.

I believe no attempt to straighten the bank books was made until I got into office. (When I got there, there was about half a bushel of mutilated notes on various banks, between the doors of the vault, on the floor—the accumulation of at least — year, I should think.)

I am satisfied no clerk could ever have stolen any notes during my terms.

I believe, if the truth could be known, it would be found to be in the movements of Bliss, Chittenden and Waggoner, at the organization of the bank. The books will show erasures, omissions, etc., at the *beginning* of this account, which I think should explain the deficiency. The bank at that time was short in bonds, and never made them up, in my judgment. If Hume will speak freely, I think he can state the original deficiency of bonds.

J. G. B.

Wm. H. G.

This letter was received by me from Mr. Gibson this year.

My object in wishing to run up the circulation of the Seneca County Bank to the full amount allowed by law, was to get the full circulation out, preparatory to the winding up of the old bank, and then to get up a new bank under the law of 1851, which new bank would protect the circulation of the old, or not, as might be thought best. The new bank, or rather the owners of the old bank, thus enjoying the advantage of a large circulation without being subjected to much inconvenience about it, nor being compelled to have large amounts of specie on hand, as required by law.

I know nothing of any loan made by Breslin to the Trust Company.

The advances made by the Seneca County Bank to the bank at Fort Wayne, of which W. O. Spaythe was cashier, amounting to some $20,000, was in pursuance of an understanding that we were to aid each other mutually. I was aware, that that bank was owned by Mr. Redfield.

At the time the bank was closed, Gibson had drawn out of the bank

his entire stock in cash, and was indebted to the bank $3.571 24. The bank was also indebted to Gibson, as Treasurer of State, $31,892 69. Of that balance, one draft of $12,000 is not yet paid. It is due from the new organization under the general free banking law of 1851. I do not know in whose hands the draft is. It was handed to Gibson.

The bank requested Gibson to exchange bonds, that is, I did as cashier, or to place in the vault in Columbus, another class of bonds for those then in the Treasury. A portion of the bonds we had were 1856's, and he was to place 1886's there, or bonds not due. That was about January 1, 1857. Gibson afterwards told me he had done so, which I believed.

At the time that I made this request, I desired to get bonds with as little premium as possible, but I knew nothing of the bonds being at New York. My conversation may have led him to believe, that I had authorized him to take the bonds from the Treasury. I should think, from the nature of our business, and my conversations, that Gibson was authorized to do what in his testimony to Sparrow, he said he did do with the $100,000 of Seneca County Bank bonds.

The $32,128 were paid to me as follows: Over $20,000 were paid by Gibson, through Bartlit & Smith's paper, in time certificates and drafts on them. The certificates are all paid—the drafts are not yet all paid. I used them to pay my debts. Toomb, Huss & Co., at Tiffin, Gilbert & Smith, at Cincinnati. I assumed the whole of it, and gave the bank my individual obligation. I also got some money, from time to time, from Gibson. I may have told Luther Hall, that I expected to get my pay for the $32,128 through Bartlit & Smith, and may have done so, believing that Bartlit & Smith got the bonds. I may have said so to John Huss. Gibson's attorney told me not to talk about this business.

I have no recollection of giving Breslin anything for the money accommodations he had rendered me and the bank, except once. It was either a little over, or a little under one hundred dollars. The certificates of deposit which I took in the name of sundry persons, but payable to my order, which, however, really belonged to Breslin, did not draw interest, nor was ever interest computed upon them, nor paid. I have never paid, nor authorized to be paid, to Breslin, any allowance, compensation, or anything whatever, in consideration of any deposits

made with us, or any exchanges of currency or exchange, except as above stated.

I never paid Gibson anything during the time he was Treasurer of State. After his resignation I handed him back a note of his, about $3,400. I also conveyed to him some real estate, all worth together some $5,000. This was all that was ever paid to Gibson for his services to us as Treasurer of State. I may be under obligations to Breslin, but I have no intention, nor is there any understanding, that either I or the bank, or its friends, shall pay him anything, or make him any present or other remuneration, hereafter. There was no agreement for interest, either direct or implied, nor have I said anything to Breslin, or anybody else, that might induce Breslin to think that he would receive interest.

I think I was not one of the original corporators of the Tiffin and Fort Wayne Railroad, but am now a stock and bond holder; also, was a member of the contractor's firm. I settled, as a partner of that firm, sometime last winter, with the chief contractor, W. M Redfield.

The company organized, if I remember rightly, in 1853, under the general law of 1852. Its capital stock I do not recollect. The road is 101 miles long; its termini are Tiffin, Ohio, and Fort Wayne, Indiana. I do not know how much has been expended on the road. I paid $20,000 as my contribution and share in the contractor's firm, as above, and this amount is all my investment in the road. I have stock and bonds for this amount. I have some first mortgage bonds, and the obligations of the company for some second mortgage bonds. I do not recollect how much stock I have got; it is over ten thousand dollars; and I also have $30,000 of first mortgage bonds, being at seventy-five cents on the dollar for the amount of my investment, as above stated. The first president was W. H. Gibson. The second president was R. G. Pennington. The secretary now, is A. S. Rumfield. Peter Ferguson, of Tiffin, has been engineer. The contract was to entirely finish the road at $24,000 a mile, including stocking it. There was an amended contract, but its general character was not changed. The local subscription was guaranteed at $100,000, and the company was to be at the expense of right of way and depot grounds. The contractors firm was composed of W. M. Redfield, W. C. Hedge, Joseph Walker, John Gardner, W. H. Gibson, C. L. Johnson, Henry Rainor, E. Colt, of Hartford, Conn., a Mr. Lathrop, and Timothy Baker of Norwalk. The capital of

this company was $250,000, divided into ten shares of $25,000 each. I do not know the amount of first mortgage bonds issued. The first mortgage is for $1,200,000, the same amount for the second mortgage.

Mr. Gibson did hold two shares in the above firm. I do not know whether he has a secret partner or not. I have sometimes had an impression that he had a partner, and sometimes that he had not. I supposed it to be John G. Breslin. Gibson has paid me no money which would make me believe this.

Breslin has a house and lot in Tiffin worth $3,000 or $4,000. I do not know anything about Breslin owning land in Illinois. I have heard he had. I know nothing, except rumor, of Breslin's Western locations.

I am not indebted to the State of Ohio for any amount except the $12,000 draft given to Gibson in part payment of the money due him as Treasurer, as above stated. I do not know in what manner, or through whose agency, the defalcation in the Treasury exists, except what is known to the public; nor do I know of any fact or facts, which, if stated, would lead to any disclosures connected with said defalcation, except as herein stated. I have not intentionally concealed anything, nor used any means of deception or evasion, in giving my testimony; neither have I withheld any information nor knowledge I possess, because I have not been particularly questioned concerning it.

I had an interview with Breslin about two months ago, at Hamilton, Canada, in company with Mr. Gibson, and at Mr. Gibson's request. The subject of conversation was about the general topics of the day. He asked about the value of his property at Tiffin, whether he should sell it for the offer he had for it, $2,900. I advised him not to sell, as the property was worth more, unless he needed money very bad. There was no conversation about the defalcation. Gibson and Breslin talked about Tiffin, newspaper articles, &c. I was astonished that Gibson should go to Canada on purpose to see Breslin, and yet refrain entirely from talking about the very matter which I had supposed would most naturally occupy their attention.

Gibson has sent small amounts of money to Breslin since he is in Canada.

The new organization under the free bank law, organized March 30, 1857, with the following stockholders:

Lewis Baltzell,	100	shares	$5,0000
Elisha Umbsted.	40	"	2,000
Hugh Welch,	30	"	1,500
B. McGibson,	200	"	10,000
Joel Hull,	40	"	2,000
Henry Ebbert,	80	"	4,000
C. L. Johnson			25,500
			$50,000

CHAS. L JOHNSON.

Testimony of C. L. Johnson, taken September 28, 1858, before C. Reemelin, Commissioner.

C. L. Johnson, upon being again sworn, says:

Upon Gibson's resignation as Treasurer of State, he informed me from Buffalo, by letter, that $132,000, and a little upwards, of the Seneca County Bank bonds, were in New York, and that $100,000 of them were held by Atwood & Co., claiming, however that they had no right to hold them, as they held them only for a specified purpose, which had been countermanded; and which specified purpose, he said, was to exchange the bonds for some of less value, which exchange was to be for the bank, as explained in my former deposition. At the same time he requested assistance from me, desiring me to forward funds to New York, as he might be compelled to liquidate his account with Atwood. I advised him that I could return our circulating notes to the then Treasurer of State for cancellation easier than forward funds to New York. Mr. Bartlit, of the firm of Bartlit & Smith, of Columbus, came to Tiffin soon after, and while Mr. Gibson was in New York, and said that their Mr. Smith had just returned from New York, where he had seen Gibson, and that Gibson wished me to return to the Treasurer for cancellation, $32,128, if I recollect right, as that amount of bonds were tied up, and that he could not immediately release them. I think I did so, the next day after seeing Mr. Bartlit. By this process our circulation was again restored, so that, as we believed, every dollar was covered by bonds, except the $100,000 of bonds which were with Atwood & Co., as afore-said, and also excepting the $34,000 circulation spoken of in my former deposition.

When I returned the $32,128 for cancellation, I had an understanding with Stone, the State Treasurer, that the certificate of burning should be my voucher, as if the notes were in my hands, and that in the settlement with the State, in consequence of the misapplication of the bonds, the liability of the State should not be changed by the cancellation and burning aforesaid. This arrangement was made to induce the State Treasurer to receive the notes at the State Treasury as other Ohio currency.

That left the State or Mr. Gibson in debt to us the $32,128, as above, together with the interest and premium. Mr. Gibson afterwards said he would pay the amount, and gave me two or three notes of hand signed by E S. Hamlim, and perhaps others, for a little over $20,000; and for the balance, drafts and certificates from Bartlit & Smith. I wish here to correct that part of my former deposition, in which I say that over $20,000 were paid me by Gibson in Bartlit & Smith's liabilities; only a part, as I since have found by reference to he books and papers—say some $9,000 or $10,000 being applied to this object—the balance being for other advances made to Gibson.

I telegraphed, or wrote by letter, or both, to Mr. Hamlin, that I should send them forward to New York, if I did not hear from him. Hamlin came soon after to Tiffin. Hamlin wanted to see Gibson before making his settlement or payment. He then had an interview with Gibson. Gibson, after his interview with Hamlin, suggested to me to take stock in the Reservoir Company, for a portion of the claim. He referred me to Dr Paul, of Defiance, as to the value of the stock. I saw Dr. Paul, but got but little useful information from him. I then left the claims, and paper connected with it, with Gibson, to arrange with Hamlin the best way he could, under the belief that he could do so better than I could. Mr. Gibson settled, as I understood, and gave me two drafts of $2,500 each of Hamlin's, on his brother in New York; and he also informed me that he had taken stock for the remainder. The two drafts are protested for non-payment, and are in my vault at Tiffin, as I believe. The stock Mr. Gibson has not handed over to me—he showed it to me. It was over $40,000. He took it for about fifty cents on the dollar.

Hamlin never paid anything on this claim, either to myself or Mr. Gibson, to my knowlege. He has been promising, from week to week, to Gibson, as I am advised, to raise some money for us, but has so far

failed to do so. Hamlin has received back his notes and drafts, except the $5,000 as above stated, and I have had no other transaction with him.

There has been no regular settlement between myself and Gibson in reference to the $32,128 as above; and although I took from him for said claim, the above stated securities and claims, and released him from legal liability, and receipted to the State to the satisfaction of the Auditor and Treasurer, yet it has always been my belief that Gibson would see me harmless in this whole transaction, and I still believe so, if it is in his power to do so

The $5,000 went to New York, and were protested for non-acceptance. Mr. Gibson still retained the other Hamlin notes and drafts, and may have taken them to New York with him, but I am certain that Hamlin never settled for them in part or whole, except as above stated. Gibson did not, to my knowledge, or with my consent, use the Hamlin notes for any other purpose. Hamlin has been repeatedly urged by me to pay, and never claimed that he had paid any part.

I have received money from Gibson since his resignation, but I have applied it in the liquidation of other advances. I have advanced to Gibson over $3,000 to be paid to Toomb, Huss & Co., about $1,300 to John Gardiner, of the Norwalk Bank, and $10,000 to Redfield, which I did as the endorser of the paper, while he was Treasurer of State. Gibson had also drawn on me for various sums, and at various times, amounting to a large sum in the aggregate. My advance to him, in addition to the sums stated, amounting to, not to exceed $10,000 at any one time.

I did not make any payment to the Trust Company for Gibson directly. He may have paid our drafts to that company. I think I heard him say that he used a draft for $5,000 he got from us, of which Hedges & Co. were drawers; also a draft of $3,000 he got of us, drawn by Harper. Ayers, Roberts & Co. The $5,000 draft was not paid, as I am informed. The Hamlin claim I got as part payment of the $32,128 claim for missing bonds, and there has been no payment on the Hamlin claim except as stated.

The drafts of $5,000 of Hedges & Co., and the $3,000 of Harper, Ayers, Roberts & Co., had nothing to do with the $32,128 claim, nor with that against Hamlin.

The $6,041 charged November 4, 1856, to S. Jones, and credited to certificate account the same day, being certificates 1871 and 1872, for $5,500, and $500, and which amount, March 11, 1857, is again credited to S. Jones, and charged to interest, is, if my recollection serves me right, a loss to the bank to that amount from a house in Sandusky being, Lockwood & Smith. "Sam Jones" was a fictitious account for my benefit exclusively, and the Dr. entry to S. Jones was no doubt an entry as a matter of convenience, I getting perhaps the bill on the house in question, and the entry was made to keep the books straight. When the loss finally occurred, and was known to be such, the whole thing was cancelled by crediting Jones, and charging interest. I will look this matter up after I get home, and if you wish it, send you a special affidavit of the exact facts. I feel confident that the $6,000 are an entry to interest to wipe out the above loss. This sum does not represent, either directly or indirectly, openly or covertly, interest paid to either Breslin or Gibson; nor any extra dividend, charge, salary, or other compensation or allowance, either to myself, or Gibson, or any other officer, agent or person.

I never knew anything of any bonds or State stocks being deposited in 1851, in trust for the Seneca County Bank, in the New York office of the Ohio Life Insurance and Trust Company.

The $32,128 were first charged in the books of the Seneca County Bank to the Treasurer of State, under the head of mutilated, which left the Treasurer owing us that amount of new notes, according to our books. Gibson settling for the bonds, the mutilated account was credited, and the circulation account reduced that much.

CHAS. L. JOHNSON.

Letter to John G. Camp, at New York.

NEW YORK, November 22, 1858.

To John G. Camp, Esq., present:

DEAR SIR:—Your note of the 20th informs me, that your engagements are such that you cannot accede to my request to give me to-day the time necessary to take your testimony in regard to the late Treasury

defalcation in Ohio, and you also inform me, that you will be absent on business most of this week. I must, according to previous arrangement, leave this city day after to-morrow, and cannot, therefore, await your return Thus, seeing no way to obtain your testimony in time for our report, in the manner hitherto pursued by us, I embrace the alternative proposed, to propound to you written interrogatories, to which you will please to furnish early replies. I do this reluctantly, as it is a mode of taking testimony which must, parties not being face to face, leave the examination more or less incomplete; but I rely on your assurance, that you are willing to state *all* you know without reserve, thus counterbalancing somewhat the deficiency of such a procedure.

The questions, which I desire you to answer, are as follows:

First—As to your knowledge of A. A. Bliss', former Treasurer, connection with the Sandusky City Bank, the City Bank of Cincinnati, the Sandusky, Mansfield and Newark Railroad, or any other corporation, or with yourself, or other persons; state whether you know or have reason to believe, that A. A. Bliss deposited with, or loaned to such corporations or persons, directly or indirectly, with or without interest, any money, or its equivalent, or bank notes, or drafts, or credit in any form, or whether circulating notes were ever given to either of them, without the requisite deposit of State stocks; whether said Bliss ever held, either in his own name or that of others, any stock or bonds, or any other evidence of indebtedness of them, and whether such are yet held, and if not, to whom they were assigned. State your connection, and that of the institutions of which you were an officer, with A. A. Bliss in any such or other transactions, and explain, as fully as possible, any details connected therewith, the time and place, any certificates that may have been issued, either of deposit or otherwise, the mode and manner of entering the transactions into the books, and the consideration, pecuniary or otherwise, for the same; also, any conversation you had with J. G. Breslin about any defalcation in the Treasury of the State of Ohio, existing at the period said J. G. Breslin became said A A. Bliss' successor.

Second—As to J. G. Breslin, also former Treasurer of the State of Ohio, state how, through whom, and on what occasion you were first introduced to or become acquainted with him; state the origin, extent, amount and character of the pecuniary or other dealings you had with Breslin, either individually, or as president or other officer of the San-

dusky City Bank, the Sandusky, Mansfield and Newark Railroad, or the Elkhart County Bank, or in any other relation, confidential or otherwise; state who suggested these dealings, and how they were carried out; also, the loans or advances of money or credit in any form made by Breslin, or of others for him, in your or their behalf; state the deposits made, State or other stocks, or other security purchased for circulation, either by yourself or Breslin, and who furnished the money; also, whether anything and how much is due to Breslin therefor; state whether Breslin was with you a partner or stock or shareholder in any bank or banking or other association or firm, his investment in the same, and how it terminated; state the persons, who co-operated therein, and furnish any written evidence or copies thereof, such as may be in your possession or under your control; state the particulars of your settlement with Breslin, and how you paid him any balances found due him, and if real estate has been conveyed, either as a mortgage or in fee, state the property so conveyed or mortgaged, and when and where, and if not to Breslin direct, to whom; state also any unsettled balance, account, or business between yourself and Breslin, or if not directly with him, state who represents Breslin in these matters, either as his partner, friend or attorney; state especially, whether C. L. Johnson or W. H. Gibson, jointly or singly, have been or are now, such partners, friends or attorneys, and what share if any they had in any investment made by Breslin in any of the banks named, or the Tiffin and Fort Wayne Railroad, or any other corporation, association or firm.

Third—As to W. H. Gibson, state, in addition to matter embraced in the above question, the transactions you had with him, time and place, either for yourself or for Breslin, or as an officer for any bank or corporation; state when the intercourse between you and Gibson commenced, and give the particulars of all transactions, where Gibson acted on behalf of John G. Breslin; state, also, when last you saw either Breslin or the persons named, and the tenor and scope of their conversation on these subjects.

Fourth—State the particulars of your connection with the City Bank of Cincinnati, both at this time and formerly, and especially for whom the stock standing in your name in that bank, was held, also the actual means and actual owners of the same, ever invested in that bank by

yourself, J. P. Riznor, or J. G. Breslin, and also the causes of its failure, and by whom they were caused.

Fifth—State your knowledge of the deficiency of $10,600, now existing in the deposit of the requisite amount of *valid* State stocks with the Treasurer of the State of Ohio, by the Sandusky City Bank how it occurred, and who received the money for the same. State any conversations you have had upon this subject, with Mr. Moodie of Columbus, and W. W. Wetherill of Sandusky City, Ohio.

Sixth—State any information you may have upon these several subjects, and in relation to the persons named, even if not embraced in the above inquiries; and answer at the close of your deposition specially this inquiry, whether you have stated all facts having reference to the persons and subjects referred to, and whether you have withheld any information or evidence known to you in the premises.

Permit me to urge upon you a prompt response to the above inquiries. Please transmit your deposition, duly sworn to, to Hon. W. D. Morgan, President Investigating Commission, Columbus, Ohio.

Send with it, also, a bill of the expenses incurred by you, and the number of days engaged, so that the president of our board may remit the amount to you.

Very respectfully yours,

CHAS. REEMELIN,
Commissioner.

Statement of John G. Camp, as sworn to by him at New York City, January 7, 1859.

NEW YORK, January 3, 1859.

Messrs. Reemelin, Edgerton and Morgan, Commissioners, &c.:

GENTS:—Your letter of 30th December is received. I have been prevented giving due attention to the request of your Mr. Reemelin, by serious illness of a member of my family. I will now take the questions of Mr. Reemelin, and reply to them seriatum.

I have no knowledge of the dealings of Mr. Bliss, former Treasurer of State, with any person or corporation. If he had any dealings with the Sandusky City Bank, it was previous to my connection with it. I once heard Mr. Breslin say that Mr. Bliss was a debtor to the State to the

amount of some $60,000, when Breslin took his place as Treasurer. I may be mistaken as to the amount, but that is my recollection.

I first became acquainted with Mr. Breslin at a fourth of July celebration in Sandusky, I think in 1851 or 1852, upon whose introduction I do not remember. My transactions with him individually were limited to a loan of $6,000, which I borrowed in 1853, and paid to him, partly in cash, and partly by a conveyance of a piece of property in Sandusky. I had previously mortgaged the property to Wm. H. Gibson for the benefit of Breslin, and subsequently surrendered, or rather made title to it, in discharge of the debt. The description can be found in the records, but I cannot give it from recollection.

As an officer of the Sandusky City Bank, I furnished Mr. Breslin with a considerable amount of exchange at different periods. I cannot give the amounts or dates. He made no deposits. The business was the ordinary business of the bank, and the bank owes him nothing.

As President of the Sandusky, Mansfield and Newark Railroad Company, I had also furnished Mr. Breslin with exchange, from time to time, giving drafts upon our bankers in New York. I cannot give the amounts, but they probably amounted to $50,000, and not over $75 000 in all. They were all paid except four of $5,000 each, which remained in his hands after the Company failed. Of this, $3,000 was subsequently paid; and for the balance of $17,000, the Receiver of the Railroad Company settled with Breslin.

My connection with Mr. Breslin in the Elkhart County Bank, commenced in the fall of 1853, I think, and ended in the spring of 1854, when I sold out to C. L. Johnson, with the consent of Breslin. Mr. Breslin furnished the money to buy the first $50,000 of bonds, and the balance of the bonds were bought on my credit. Of the $50,000 advanced, I think all was paid back except $15,000 or $20,000. This was assumed, or rather my proportion of it, by Mr. Johnson when I sold to him. Whether this has been paid I do not know, but from what I have heard Breslin say, believe it has not. I had no interest with Breslin in any other transaction, or association or dealing. I have no knowledge of any of Breslin's investments, direct or indirect, in any other associations, corporations or firms; and know nothing whatever, of W. H. Gibson's transactions or business.

My connection with the City Bank of Cincinnati, was entirely for the benefit of John P. Reznor. I held $5,000 of stock for him, and never had any real interest in it. I know nothing of Breslin's having any interest in the bank, but have learned from him and others, that he was a depositor or creditor in some way, at the time of its failure. My interest in the bank, in behalf of Reznor, ceased some years ago.

I have no knowledge of the deficiency of $10,600 in the stocks of the Sandusky City Bank. It occurred before I had any connection with the bank, and I have never conversed with any one except H. S. Flynt, the Cashier, on the subject. The books of the bank showed so much deficiency, and we always considered it a liability.

I have no written evidences, or papers, relating to the Elkhart County Bank. There were three partners in it—Breslin, C. L. Johnson, and myself. My part in the transaction was to buy the bonds, and sign the notes. When the notes were all issued, I sold out to Johnson.

I have no knowledge of Breslin or Gibson having any interest in the Tiffin & Fort Wayne Railroad; and I believe I have stated all the knowledge I have, of the transactions of any of the parties named in your questions.

JOHN G. CAMP.

State, County and City of New York, ss.

John G. Camp, known to me to be the person who signed the foregoing statements, this day appeared before me, and made oath, that the facts therein stated, are true to the best of his knowledge and belief.

JOHN G. CAMP.

Sworn to and subscribed before me, this 7th day of January, 1859.

SYLVESTER JAY, *Comm'r. of Deeds.*

Testimony of E. S. Hamlin, taken before the Commission, August 3, 1858.

E. S. Hamlin, after being duly sworn, deposeth and says:

I had no transactions of a business or money character with John G. Breslin, Treasurer of State.

In the winter or spring of 1857, I proposed to W. H. Gibson, Treasurer of State, to transfer for him to New York, free of exchange, in time for the July interest, five or six thousand dollars, and to allow him inter-

est upon the amount at six per cent. from the time I obtained it until the day of payment, and upon these terms I obtained from him that amount, and gave him a draft on New York; and while he was in New York, after his resignation of his office, I forwarded the money to him, and he returned my draft to me.

In 1856, the Lewistown Reservoir Company entered into a contract with the Board of Public Works, to build the Lewistown Reservoir, for which the Board agreed to pay the Company certain leases of water power then in existence, and surplus water of the canal. The leases were to be delivered as investments were made, and the work progressed. The Company entered into a contract to build the Reservoir, and have it completed in time to be filled with water to supply the canal during the next season, for which they were to be paid in monthly estimates. Having made considerable investments in the purchase of lands, and payments upon the work done, the Board assigned the Company a portion of the leases, on the pledging of which the Company expected to obtain the money to pay for the work as it progressed. In the fall a suit was instituted for the purpose of enjoining the Company, the contract, as alleged, being illegal. Intimations were also given out that the Legislature would set aside the contract. Under these circumstances the Company did not feel at liberty to pledge the leases to raise money. They appointed a committee for the purpose of raising money to pay the assessments and carrying on the work. As one of that committee, I had a conversation with Mr. Gibson upon the subject. I told him that it would be a great injury to the State to have the work cease,—that the Legislature would undoubtedly either confirm the contract, in which event money could be raised upon the leases, or would set aside the contract, and pay for the work done. In either event, the Company would have the means to pay for any advances made to it. Mr. Gibson replied that he had some $28,000 of his own money, from which he would loan the Company sufficient to keep the work progressing. He loaned the Company, from time to time, some $22,000,—I cannot tell the exact amount. For this amount I settled for the Company, with Mr. Johnson, Cashier of the Seneca County Bank. I paid Mr. Johnson in the stock of the Company, with the exception of $5,000, for which I gave my own note, which is still unpaid.

At the time the first money was obtained, I gave Mr. Gibson the note of the Company itself, "The Miami Hydraulic & Manufacturing Company," for $12,000, indorsed by me, and Joseph Cooper and J. G. Young. Afterwards, the Company assigned their leases to me, as Trustee of the Company, and gave me their note for $40,000, to hold as security for any money raised. After that, at Mr. Gibson's request, I gave him drafts on New York, in the place of the note of $12,000, and for the other money advanced by him. This money all went to the Reservoir Company, and was expended in the building of the Reservoir. At the close of the transaction with Mr. Johnson, as stated, these drafts were returned to me. I do not know whether Mr. Johnson holds the stock and my note at this time or not; neither do I know whether they are held for himself, for the bank, or for Mr. Gibson.

The interest to be paid Mr. Gibson for the money obtained from him, was twelve per cent. per annum. The stock transferred to Mr. Johnson was paid up stock, that is stock on which there were to be no further assessments, and was valued at fifty cents on the dollar. The stock was issued to me by the Company as paid up stock, and was as such transferred by me. Johnson holds about $40,000 or $45,000.

There were fourteen members of the Company, and the stock was put at $400,000. Paid up stock was issued to the holders on the payment of twenty-five cents on the dollar

I hold about $30,000 of stock. We expected the whole work to cost us $100,000, and on that investment we expected to make 12 per cent., or 6 per cent. on $200,000. There was no bonus given to me, or anybody else, for getting the contract from the Board of Public Works. No member of the Board of Public Works holds stock of the company now, nor has any former member of said board ever held any stock, except myself and A. P. Miller. Steadman subscribed, but he never paid up.

At the time the bill authorizing the making of the contract was passed by the General Assembly, I was consulted by a member of the committee on Public Works in the Senate, in reference to this Reservoir. I advised him that the Reservoir was a necessity to the Miami Canal, and that it never could be made profitable without it. Mr. Phelps was the member. I told him that the State ought to build it by its own agents, and not have it done by individuals or a company. Such a company

would become part owner of the public works of the State, which would lead to difficulties in managing the water for the canal, and produce conflict in its direction. I thought, however, and so expressed myself to Mr. Phelps, that it would be better to build it by private individuals rather than not build it at all. I did not solicit any one in the legislature to vote for that bill. I do not know who drafted it. The contract was obtained by Messrs. Defrees and others, who afterwards transferred it to the company. I never negotiated for the contract with any member of the Board of Public Works, and became a party to the transaction after the contract itself had been made.

I have no further knowledge of any matters, with the investigation of which this commission stands charged, nor can I throw any light upon any part thereof, which would be likely to lead to the recovery of any assets in the hands of either Gibson or Breslin, for sums for which they are now in default to the State of Ohio.

E. S. HAMLIN.

Testimony of Thomas H. Ford, of Mansfield, as taken before the Commission, July 16, 1858.

Thomas H. Ford, after being duly sworn, deposeth, and said:

I have been and am personally acquainted with John G. Breslin and W. H. Gibson, late Treasurers of State. I knew Breslin first at Mansfield, some 18 or 20 years ago. He was then a printer, and worked at his trade. With Gibson I was also acquainted some 20 or 22 years ago, when he attended a school at Ashland. I met them both frequently at Tiffin, and elsewhere, and also afterwards when they were at Columbus as State officers. I had no conversations with Breslin during his official terms; met him frequently during the canvass for his third term, but never exchanged views about the condition of the Treasury. After Gibson had been elected, and while boarding together at the same hotel, and afterwards when Breslin had taken a house in Columbus, we had conversations about the Treasury, and Mr. Breslin would then complain of the injustice of those having control of things, and would also speak of his efforts to raise means—said that he had interests West. He

told me he had lots at Omaha, Leavenworth City, and other places. He had 40 lots at one of these towns. This was before the exposure of the defalcation. Breslin, Baker, and myself, with others, were together at Minnesota, and I was there informed, I am pretty certain, by Breslin, that he had sixty shares of the Minnesota Land Company. Much was said about 10,000 acres of land in Illinois, which Breslin owned, but I cannot now fix my min upo any particular person from whom the information came—though it was not denied by any one present. I have an impression, that at that time they were said to be in Breslin's name, though I do not know certain.

After Breslin had absconded, Gibson and Breslin, and Gibson's securities, were anxious to make an arrangement by which the securities should be released, and Breslin should be free from arrest. They called on me to carry the matter through. Breslin wrote to me about it, so did Gibson. I have not the letters with me. They amount to nothing beyond the above. I had frequent interviews with Gibson; also, Green, of Cleveland, who showed himself the most a man about the matter; also, with Pennington and others. Before I would agree to make any effort, with others who were to act with me, I insisted on having some positive assurance, that any offer that should be made to the State should b lived up to, and that it would eventually be made good. $400,000 was first talked about, but it seemed as if enough could not be made up to cover that sum certain. I advised that they should offer no more than what could certainly, and without any doubt, be made good afterwards. I felt, that to be instrumental in bringing about an acceptance of the offer, and then for them to fail in meeting it fully, would subject me, and all who participated in it, to severe obloquy. $250,000 was then fixed upon as the sum. Gibson would, in all his conversations, profess his ability to control Breslin, and that he could make him do what is right, and that he would make him do so. Gibson seemed to speak as if he was certain what he was saying and promising, but always said that the assets were under Breslin's control. He spoke of the property as being scattered from Nova Scotia to Minnesota, but did not name, or otherwise designate, or point out any property particularly. I was to have had a fee if I succeeded, and undertook the matter with an understanding that I should be paid, though no definite sum was named. I undertook it as the friend of all parties, and saw Governor

Chase and various members of the legislature about it; also, had conversations with Auditor Wright. Governor Chase at first favored the proposal, and prepared a draft of a message to the General Assembly, which he submitted to me, and which I have now at home. It suited me, and I so informed the Governor. Subsequently, Governor Chase wavered in his position, and Attorney General Wolcott opposed it bitterly, and the Governor then re-drafted the message, the terms of which we would not accept, and no message was sent. Pennington, of Tiffin, also assisted me. The facts in this matter are these: In a conversation between Governor Chase and myself, it was suggested, that a petition should be got up, and signed by Breslin's and Gibson's sureties, to be presented to the Governor, and then the Governor to send a message to the General Assembly in favor of the proposal already named. I telegraphed and wrote by mail, to all the parties, and the petition was made up and signed, and after being immaterially altered, presented to the Governor. Pennington and myself drew the bill introduced last winter. Auditor Wright, in talking to me, favored the proposal, but, I understand, opposed it with others. I saw sundry members of the General Assembly, and many favored it. Judge Saffin was for it. We had private meetings, at which members of the legislature were present. Our efforts were mainly directed to the House—we felt certain of its going through the Senate.

When this thing was mooted among the securities and others, I went twice to Tiffin, and after it was understood that the effort should be made, I told them that I wanted my expenses paid. After some consultation, I was informed that I might draw on Toomb, Huss & Co., if I needed money. I drew upon Toomb, Huss & Co., for $75, which does not cover all I expended. I was also told that if I wanted any money here in Columbus, I knew where to go to get it. They named nobody, and I named nobody. I would have gone to Bartlit & Smith, because I had been in the habit of getting money of them if I needed it. After I had talked with the several sureties, I went with Gibson to his office, and he told me, after I had intimated that a certain sum should be fixed for expenses, &c. "We do not want to name any definite amount. You draw on Toomb, Huss, &c. You know how to get the money at Mansfield." I drew through the Mansfield Bank, and my drafts were honored. Gibson further said: "As you draw, we will replenish our treasury,"

meaning, as I supposed, Toomb, Huss & Co. In speaking of expenses, it was well understood between us, that the word included all expenses to insure success. I was authorized to draw at my own discretion and no questions asked—they being willing to trust me. I never did draw, except for the $75, already stated. Before I left Columbus, and not having quite enough to pay all I owed here, Hedges, of Tiffin, and Borland, wanted me to go to Bartlit & Smith, to get sufficient to cover my expenses, but I refused, because I was determined not to be understood as handling Breslin's and Gibson's money. I preferred to draw on a personal friend at Mansfield, which I did.

The conversation with Governor Chase, which led to his entertaining the matter, was in consequence of my calling on him. Governor Chase was bitter towards Breslin, and expressed himself freely, that Breslin had no claims upon him, but he would nevertheless aid in any settlement from sympathy for the sureties, whom he believed to be honorable men, and innocent in the matter; and from the further consideration, that as much as possible might be secured to the State. I had told Governor Chase, and satisfied him upon the subject, that $250,000 was about all the State could realize under any circumstances; and Governor Chase was informed by me, that Gibson told me, after a careful comparison of all the facts, he felt certain, that to make up the $250,000, the securities would have to pay something out of their own pockets.

At Tiffin, I talked with Hedges, Baldwin, Chas. L. Johnson; also, Gibson. Gibson seemed to be apprised of what the assets consisted, out of which the $250,000 was to have been made up. The others also talked about the matters, as if they had data and distinct assets upon which to base their calculation, and $400,000 was the sum they had agreed upon among themselves as being able to realize and pay.

Pending these negotiations, Gibson and Borland went to Cincinnati, meeting parties not known to me.

We were opposed to the creation of this investigating commission, its creation being opposed to our views and policy. We had no opposition to the members proposed, but to the raising of the commission.

I heard Charles T. Sherman say that he had wiped out the company's indebtedness. Robinson, Sherman and Camp were the company in some way. J. R. Robinson is now in Perry county, manufacturing coal oil.

I was at Canada, on a visit to John G. Breslin, May 21, 1858. I met him at Hamilton, and conversed with him during a walk after dinner. My journey to Canada arose in this way: I got a letter from Breslin, in which he stated, that he understood that he had been betrayed by professed friends, and that I could tell him all about it, and he wanted me to write to him all I knew. I did not want to write a letter to Breslin, and Hedges suggested that I should visit Breslin, and I did so. I told him that persons who had funds from him, had him just where they wanted him: the funds in their hands, and Breslin in Canada, not daring to return. Breslin interrupted me by asking me, somewhat excited: "Do you mean that Gibson is playing false to me? If so, let me inform you that I have the utmost confidence in Gibson." The conversation was rather abruptly broken off, and I left, dissatisfied with my interview. Breslin's letter came from Canada in a cover to the Tiffin postmaster, and was sent to me from the Tiffin post-office. I have Breslin's letter at home.

Testimony resumed, October 20, 1858.

While I was making the effort before the General Assembly, to carry the proposition above spoken of, Gibson frequently expressed an indifference whether it would pass or not, and led me to understand that it was not his proposition; in fact, I took it that he was really opposed to it. Charles Borland and Mr. Hedges entertained the same view, and so stated to me. After it became evident that the matter would fail, and as many of its professed friends were abandoning it, Mr. Pennington, who had noticed the same divison among its advocates, and who had become disheartened thereby, one day expressed to me his determination to have no more to do with the proposal, and that he would go home. Pennington had all along labored for it in good faith, and was ever sincerely anxious to effect a fair settlement with the State, and it was in consequence of the double dealing he had noticed that he became so disgusted, and which in fact induced him to abandon it. He seemed to fear the odium that would attach to all engaged in this effort at a settlement, when it would come out; that it was not supported in good faith by all who professed to favor it. Gibson, at this time, showed a great anxiety to have a conversation with me, and after I had left Pennington, I met Gibson at my room Hedges was in, but soon went

out; whereupon the door was locked, and Gibson, after expressing the opinion that our proposition would fail, said that he did not care if it did—in fact, that he wanted it to fail, and that he had made up his mind as to the best course to pursue. He said to me, "I want you to go with me to Breslin, and I will get Breslin to make an assignment of all that Breslin has; I will idemnify the securities against loss, and let the State see where it will get anything. They (the State) can't collect more than $75,000 or $100,000 out of them." He told me there was about $600,000 of assets in the hands of Breslin. I told Gibson that this conversation of his would place me in a false position towards the securities, by whom I had been employed, and for whom I had acted in good faith, believing him to be with us also in good faith, and that I must notify them of any change of programme or intention; to which Gibson replied, that he had employed me at the instance of the securities, and that any pay I would get would be through him I told him that I wanted to know who, after getting me to act in the matter, and also the securities to make the offer they did, was playing false, and that I would see Borland immediately. I did so. Borland professed himself outraged by this change in the matter by Gibson, and wanted me to see Breslin, and inform him of Gibson's double course. Out of this grew my visit to Breslin last spring. Gibson had, however, preceded me a few days, and, it is my impression, forestalled Breslin against me. Gibson would over again and again say to me, that he had not the money, but that he could make Breslin disgorge.

Gibson told me once—I think it was in 1856, some time in the spring or summer—that he paid Samuel Medary $10,000, to keep the Democratic press, that of the Statesman, from sale on execution. He told me this a day or two after he paid the money, and the money came from the State Treasury. I expressed astonishment at his liberality towards the Statesman, and he replied that the Statesman had helped him in his fight with Kelley, and that he always stuck to his friends.

Gibson told me, at or about the time of his resignation, while he yet had the key of the Treasury, that the Treasury had got into great embarrassment, and that a good part of the load they had been carrying arose from Bliss, who had got the advantage of Breslin in his settlement with him; that Bliss' actual defalcation was much heavier than it had been represented; that he, Gibson, and Breslin had taken $100,000 out

of the Treasury, and invested it West, for the laudable purpose of making in a few years enough to pay the defalcation of Bliss. This conversation took place at night, going from the Neil House to the American.

In other conversations after his resignation, Gibson repeatedly expressed his great regret that he had given up the keys, as Breslin was then coming on from the West with more funds than necessary to carry them over the July interest, the amount needed being only about $140,000, and that if he had held on a few days longer, he need not have resigned at all.

Gibson conversed with me very often about his relation to the Ohio State Journal, and would always speak of it as under their control, and that unless it would do such a thing, or another thing, by a certain day, as they wanted, it would change hands. Some of these conversations were had as late as last winter, and while Schouler was editor.

There was a good deal of conversation about a note of $12,000 which had been discounted at one of the banks of Columbus, and on which Governor Chase was an endorser, and which had been originally given either towards the purchase money of the Ohio State Journal, or to sustain it; and Gibson complained about the note, and said that he had to pay the greater part of it, and would also say, that Chase escaped his due contribution by not endorsing it in the shape in which it should have been.

During the excitement incident to the expose of the Treasury defalcation, and after Gibson's resignation, he would frequently talk over the proceedings had. He would often get excited, and told me several times, that as he was leaving the Treasury, and after he had given over all official papers, Governor Chase wanted to, or did, search his carpet bag, in which he had his private papers, and that he, Gibson, became indignant at that, and poking certain notes in the face of the Governor, said: "Do you want to see these notes, Governor?" giving me to understand that they were the Governor's notes. I do not remember whether he told me the reply the Governor made, or whether he represented him as making any.

I do not remember any conversation, with either Breslin or Gibson, about any other money being paid or loaned by them to any other parties, except as above stated. Nor do I remember any other matters

likely to throw light on the connection of either Bliss, Breslin or Gibson, with Chittenden, Bartlit & Smith, their sureties, or with any bank, banker, or private persons, or politicians.

THOMAS H. FORD.

Testimony of Benjamin E. Smith, of Columbus, taken before the Commission, July 16, 1858.

Benjamin E. Smith, after being duly sworn, deposeth and says:

I first came to Columbus in 1846, and was engaged in selling goods. I afterwards engaged in banking in the fall of 1851. John F. Bartlit and F. K. Hulburd were my partners. Mr Bartlit is my partner now. Mr. Hulburd retired in 1852, and is now in Illinois, as I understand, engaged in banking. I was acquainted with Mr. Bliss before I commenced banking The first account we ever had with the Treasurer of State as such, was with Mr. Gibson. Mr. Breslin never had an account with us as Treasurer of State. He had deposits with us, and took certificates as Treasurer of State, as we supposed, the certificates being made payable sometimes to J. G. Breslin, or J. G Breslin, Treasurer. There was no interest, compensation, or allowance of any kind, paid to Breslin, nor to any other Treasurer, directly or indirectly. The deposits upon certificate as aforesaid would remain from five to thirty days, and sometimes longer. They were made without any solicitation on our part.

I first learned of Mr. Bliss' defalcation towards the end of Mr. Bliss' term of office, and through a conversation between myself and Bliss. Mr Bliss told me, being intimate in his family, and visiting each other, that he was short—the amount I cannot remember. He said there was some mistake in the books of the office, which he had been unable to find. The amount was from $60,000 to $70,000, but I do not know whether he so stated at that time. This was previous to his going out of office—very close to the end of his term. I did not know Mr. Breslin at that time, and therefore had no conversation with him on that subject. Mr. Bliss and myself had frequent conversations upon the subject. He did not inform me of any property he had I knew he possessed some, but the amount I cannot state. The principal point he talked about, was

what to do I advised him by all means to have all his official transactions carefully examined, as he always asseverated that the defalcation arose from errors in the books. He told me that he had men examining them. He afterwards informed me, that he had ascertained the amount and arranged it through his bail. This was soon after Mr. Bliss went out of office. I have understood that his bail gave checks for the amount, and so far as I know these checks have been paid. I subsequently bought some property which had been transferred to the bail by Mr. Bliss in the winter of 1855. It was bought by the firm of Bartlit & Smith, of Mr. Bliss. The amount was $40,000, and it was conveyed to us, to take up the checks given by the bail to the same amount. We got the 20¼ acres of land, and the other property surrendered by Mr. Sullivant, as trustee, to Mr. Bliss, except the house and lot in Elyria, the Columbus and Groveport turnpike stock, and part of two notes of Lawrence & Keit, and in addition $9,000 of Columbus and Piqua Railroad bonds; and also such further property as in our opinion would be enough to be an inducement for us to make the trade. The mortgage upon the 20¼ acres from Mr. Bliss to us, arose as follows: Mr. Bliss had sold to Mr. Chittenden the land in question. On Chittenden's failure, he owed us, and we induced Mr. Bliss to take the property back, and then we would give Mr. Bliss time to pay the amount—some $8,000—in six, twelve and eighteen months. Our acquaintance with Chittenden may have commenced here, and then continued in New York. We kept an account with Chittenden, and would have lost by his failure, unless arranged as stated. I do not know whether Chittenden had paid Bliss for the prop rty This mortgage was transferred by us to the Clinton and Franklin Banks for a loan to us, and when we took the property finally of Mr. Bliss, the mortgage was cancelled. The bail never paid us a dollar in money, except in a deduction of $2,000 on the mortgage, they or the banks held. All we got was the property already stated, as explained. We consulted Mr. Breslin as to the amount of the checks and their payment, its mode, and the time when the money must be paid. His reply first was, that he must have the money—that he had waited as long for it as he would—that he must have something that would bring the money. We paid him some money at that time, and some checks and certificates, &c. The checks were on ourselves, also the certificates. The whole was paid within sixty days after the transaction. We would not, and could not

have made the $40,000 arrangement, unless Mr. Breslin gave us a little time to pay it; and at the close of the transaction, and when the checks were finally paid, we owed nothing to Mr. Breslin, either as Treasurer, or individually; neither do we now owe him, or the State, anything on account of this or any other transaction. Our books do not show any thing of this transaction, as it was an outside arrangement, and had no connection with our banking house. The money we paid Mr. Breslin was in no particular kind of bank notes; we paid for it the general currency then in circulation. It was not paid in the currency of any bank we owned. The $9,000 Piqua bonds we sold to Mr. Hilliard. The 20¼ acres we have got yet. The plank road and turnpike stocks, we have yet in part. Of the City Bank stock we have very little left.

Our bank is now owned by Mr. Bartlit and myself, and no one else, either directly or indirectly. No one has either furnished to me, nor to Mr. Bartlit, our share of the capital, that has any connection with any of the Treasurers of State, either directly or indirectly; nor have any of these Treasurers, either singly or jointly, at any time, furnished us capital; nor do they, or any of them, now own one dollar of the capital of our bank; neither do they do so through their friends. We have paid Mrs. Breslin a small balance of an account we had with Mr. Breslin. It was less than a hundred dollars. For several months after Mr. Breslin left the Treasurer's office, he kept a small running account with us. The largest amount due him at any time did not exceed $2,000 or $2,500. I never kept an account with any other party in which Mr. Breslin had an interest. No money has gone through our bank, nor through either of us, to Mr. Breslin; nor have we made any such payment indirectly, except a small amount, say $50 or $100. We know of no such payment through other channels. We have heard such a rumor, but do not believe it to have any foundation. Mr. Breslin has no interest, in any manner whatever, in the real estate or other property we got of Mr. Bliss. I never heard of any intimation, that Mr. Bliss' defalcation was actually larger than that publicly reported. Mr. Bliss first suggested to us the purchase of the property we got of him, and it was talked over for months before it was consummated. I have had conversations with Breslin about the matter—he first introducing the subject—his object being to get the checks paid, and he being aware of our having assisted Mr. Bliss in trying to effect a similar arrangement with his bail, or Mr. Carrington,

their attorney. In the conversations with Breslin, he never tendered us time, and the time he ultimately gave us was granted at our solicitation. Breslin was very anxious to have the sale made. I am under no obligation, either direct or implied, or in any manner, to re-convey to Breslin, nor should I feel bound to do so if he should ask it There is no such understanding between us and Breslin, tacitly or otherwise.

I cannot tell why the mortgage for $8,000 on the 20¼ acres was made to me alone. It was business of the firm. There was no reason why it should have been made to me. The conveyance of lots Nos. 11 and 3, in Columbus, for $10,000, to me, was a private transaction of my own. It had no relation to our firm. The consideration was paid for Mr. Bliss' benefit. As to the note of $2,000 you inquire about, it was a note for that amount, that I had loaned Bliss as an accommodation note, and which Bliss paid. The rest we arranged with cash and its equivalent, and I have no reason to believe that it went to Breslin. I cannot say to whom we paid the money, that is: to whomever we paid it, it was for Breslin's benefit; nor does a cent of it remain unpaid. I have sold most of it long ago to outside parties.

We own the charter and the capital stock of the Farmers' and Merchants' Bank of Greensborough. We bought it of Samuel Waggoner and Henry Waggoner. I decline to answer how much it cost us. The capital stock is $100,000, and it was originally all paid in. Messrs. Waggoner were the original owners. We, in fact, furnished Mr. Waggoner the means to start it. Much opposition arose in Greensborough against the bank while managed by Waggoner, which we endeavored to quiet by getting it into our own hands, but we failed to satisfy the citizens, they adhering to the idea that we were Mr. Waggoner's friends. We gave up all efforts to appease them, whereupon petitions were got up for the repeal of the charter. We opposed this in the Maryland Legislature. Mr. Breslin was one of our lobbies. He had nothing to do about that time. There was an understanding that Mr. Breslin was to buy the charter, if not repealed. This purchase was never consummated. We paid Mr. Breslin's expenses; and as to payment for services, I decline to answer. We knew Breslin to understand lobbying. The money—gold—which we furnished Waggoner, was paid, I think, in January, 1855. The first payment was $20,000 to the Bank Commissioners, and then it was transferred to the stockholders, and then the stock-

holders, after the bank had been transferred to them by the Bank Commissioners, paid in again the $20,000. The remaining $60,000 were paid in afterwards, in May or thereabouts. We did not pay Breslin for any of the capital stock of the bank, nor are we under any obligations to transfer or assign, or convey to him the charter of the bank, or any of its capital stock, in any manner whatever, he having failed to comply with any of his agreements with regard to the purchase. The $60 000 were paid up in coin, and that made the capital stock good, the terms of the charter being complied with. We assisted in the procurement of the $60,000 of coin. The officers of the bank were: Dr. Rosette, President, and P D Burger, Cashier During the next year, the stock was transferred to us, and then C. Bretz, of Columbus, Ohio, became Cashier. As to assurances or security we got from Waggoner for the money we furnished to start the bank, I decline to answer. We got none from Breslin. I had things so fixed as to control the bank, and so that I was safe. The entire amount of circulation which the bank was authorized to issue was $200,000.

The following question was here put to the witness: "Do you know anything about $100,000, or any other amount of the circulation of the Greensborough Bank being furnished to Breslin?" and the following was the answer: "As to any arrangements between the stockholders and Breslin, I know nothing about it, not being present at any interviews. There was an arrangement made for some of the circulation through us, for both ourselves and C L. Johnson, the amount of which I do not recollect. Mr. Breslin also had a large amount of the circulation, the amount of which I cannot swear to."

Question. Do you know that Breslin obtained $100,000 of the circulation of the bank, for which his note or notes were held by the Bank or Cashier?

Answer. I learned that Mr. Breslin had from the former stockholders a large amount of its circulation. I presume the amount is correct. I am aware that the bank or cashier had his notes for that amount. What amount was used of that I am unable to state. Whether the money loaned Johnson and Gibson was any or part of the above, I am unable to state. I presume it was.

Question. Was any part of the $100,000 obtained from the bank by

Breslin, loaned to Wm. H. Gibson and Charles L. Johnson, either by you, or by Mr. Breslin as your agent?

Answer. I was not aware that Mr. Breslin was or acted as our agent at that time. If he made loans to those parties, he must have made them on his own account, or for the former owners of the bank. He was never authorized to act as our agent in making a loan to them of $50,000, nor did we ever make any loan of that amount to them for ourselves. The circulation was marked so as to see which we were to protect, and what part Mr. C. L. Johnson. This circulation was sent to us by Mr. Waggoner. The mark for our circulation was O,—that of Mr. C. L. Johnson was a straight mark in red. I have no knowledge of my own, as to the manner in which this circulation was obtained, and if Mr. Breslin made the arrangement with former stockholders before we owned the bank, I know nothing about it. So far as my furnishing means at any time, and in whatever amounts, for starting the bank, I was arranged with at the time before any time elapsed satisfactorily to ourselves, the precise manner of arrangement I decline to state. The circulation sent to us, was entered up in the books of the bank.

As to my purchase of the bank, what I paid, and how I paid it, I decline to state it. I took up Mr. Waggoner's note or indebtedness, and substituted my own evidence of indebtedness, but this indebtedness was not payable in the notes of the bank, in terms, but were drafts on New York, which were paid to the bank. I decline to answer, whether the money was, or was not returned to me.

I made an arrangement with Mr. Thompson, of New York, for the protection of the two classes of circulation, and of all circulation; and the circulation which we were to protect, was returned to us, and that which the bank was to protect, was taken up by the bank's agent. This was done before and after I owned the bank, except that Waggoner had nothing to do with it after we owned it. We arranged for the protection of the circulation, so far as we used it, simply, because we used it. Some of the circulation which we protected, we did not get directly from the bank. This was before we owned it. I decline to answer how I got this circulation, it being a private transaction. I also decline to answer the question, whether any of it was obtained from Breslin.

The first conversation as to the appointment of Mr. Bretz arose by our asking Mr. Breslin, whether Mr. Bretz would be at leisure to accept

another situation, and being informed that he would be, we inquired whether he was a competent man for a cashiership of a bank. We were told that he was, and then we requested Breslin to send Bretz over to us, which was done. We had an interview, and engaged him for our bank in Maryland. I cannot state the exact time when Mr. Bretz went to Maryland to assume his place. I think I went with him—at any rate, he was in Greensborough with me. I cannot give the names of the directors. I think Henry Waggoner was one of them—perhaps, also, S. Waggoner. I cannot say whether Bretz carried Waggoner's resignation with him. It was there. I procured it myself, and think that I carried it myself. I cannot tell the amount of circulation while Bretz was Cashier. The bank destroyed some circulation while I was there, or rather while I was present at some time—the precise time I do not recollect. I had no reason to believe that the Waggoners were not the real owners of the bank, nor do I now, nor have I ever known anything that would induce me to believe them not the real owners. I believed them then, and do now, to have been the real owners, because they subscribed the stock, and managed the bank. The capital stock, the money for it, was paid in by the Waggoners—I assisting them to fulfill the requirements of the charter, for which I was reimbursed by them; and I have no reason to believe, nor have I had since, that they were not the real owners. I have no knowledge at whose instigation the Waggoners got the charter aforesaid, nor do I know that it was at that of Breslin. I mean, by speaking of the Waggoners being the real owners of the bank, that they were the owners of the charter, the franchises, and all that constituted the bank. I was reimbursed for the money I furnished so as to divest me of any interest in the bank by money or its equivalent.

Question. In what manner were you reimbursed by the Waggoners for the money you furnished, that divested you of any interest in the bank, and constituted them the real owners, or parties in interest, and not yourself?

Answer. I was reimbursed by money or its equivalent.

Question. What constituted the money, and what the equivalent?

Answer. Gold the money—bank notes the equivalent. I cannot specify how much in gold, and how much in bank notes The bank notes consisted, if I am not much mistaken, in the notes of the bank. The reimbursement was not made the same day, but soon afterwards. They

got the gold and the bank notes, so far as my knowledge extends, from the bank. It was paid to me before I left for home, and in part, as I believe, in the identical money in which it was paid into the bank No money, nor any part thereof, furnished by me to Mr. Waggoner, came, either directly or indirectly, from Mr. Breslin; nor did the securities or pledges upon which it was raised. Mr. Waggoner did not arrange for any money I assisted him in raising.

While Mr. Bretz was cashier he conducted the correspondence with me. He frequently inclosed letters to Breslin in letters to us. Mr. Bretz was paid for his services as cashier by the bank. I did not suppose, nor do I know, that Mr. Bretz represented Mr. Breslin in the bank. He represented the stockholders—us! There was an understanding that Breslin should buy the bank, but he never consummated it. Breslin intended to go into business—banking—and then he was to buy our bank.

I was not a party, nor in any manner consulted about the offer to the General Assembly for Mr. Breslin's securities to pay a certain sum of money; nor have I the least idea, how and by whom the money was to be raised; neither was I or the firm, to advance or furnish any money for expenses or otherwise, nor were we ever consulted in relation to it. If our name was ever used in any such connection, it was without any authority whatever.

I wrote to Breslin some two or three weeks ago. The object of the letter was to furnish him, at his request, a statement of his account. I have destroyed Breslin's letter to me. My letter to him was addressed to Hamilton, Canada, and I sent it by his wife. I have lately been to Maryland, on my own private business,—the nature of which I decline to state.

Neither myself, nor our firm, has any property of Breslin of any kind whatsoever, in our possession or under our control; nor have we any papers of any description of his. Breslin had a private box in our safe, the contents of which I did not know, which he sent for before he left. I know of no property or assets of Breslin's, except from hearsay, which I do not feel justified to repeat.

As to the investment of Breslin in the charter of the Cumberland Savings Bank, my knowledge extends to this: One time we laid over at Cumberland, for the purpose of examining into the bank, and seeing whether there was any object in buying it. We conferred with Capt. J.

M. Schley, an attorney, supposing him to know the condition of the bank. This was after Breslin had retired from office, and after Mr. Gibson had become Treasurer. It was in the fall or summer of 1856. The programme was a purchase of sufficient stock to control the bank. I declined to take any interest in the transaction. Afterwards Breslin consummated it alone. It required some $16,000 or $17,000 to control the stock. I have reason to believe, that Capt. Schley purchased for Breslin a sufficient amount of stock to control the bank. Breslin does not now own said stock. I held the stock once, from the time of Breslin's troubles until six or eight months ago, as collateral security for money we loaned Breslin, and we sold the stock to reimburse us. I had a slight acquaintance with Schley. Breslin suggested the matter to me first, as I think. We never circulated any of the notes of that bank, except to small amounts. We got some $2,000 or $3,000 discounts at the bank at various times. W. O. Spaythe, the cashier of the bank, was from Tiffin. The investment of Breslin in this Maryland bank was a matter of common notoriety, and the State officers could have known of it before I sold the stock.

Mr. Gibson, during his term of office, frequently overchecked his account from $5,000 to $15,000. Mr. Gibson would be absent, and his clerk would check as he needed. We never lent to Mr. Gibson or Mr. Breslin, any certificates, drafts, bills, bank notes, or any other evidence of money or indebtedness, for the purpose of making a false exhibit. We have lent them, personally, money at various times, but never any certificates or drafts for such a purpose. I never assisted any public officer, nor did I myself, lobby, or in any other manner, oppose the passage of laws like the sub-treasury, or for the better protection of the Treasury.

The proceeds of the sale of Breslin's furniture were some $100. This amount was paid to Stafford, auctioneer. At the request of Mrs. Breslin, I assisted her in the matter. The sale took place about six weeks ago.

Breslin has never had any interest in the State Stock Bank at Jamestown, Indiana, a bank we owned; nor has he had, nor has he now, to our knowledge, any interest or share in any other Indiana bank; nor did he furnish, or assist in procuring any stocks or other securities, or any money or other means to start such bank or banks, so far as I know.

Breslin has, neither directly nor indirectly, any right, property, or interest, either ascertained or contingent, present or future, in any property, real or personal, that we own, or over which we have the control or of which we have the management, either as agent or otherwise; and this includes bonds, stocks, drafts, certificates, claims, or any other paper, or other evidence of proprietorship.

Captain Schley was the purchaser of us, of the Cumberland Savings Bank stock, which was pledged to us as collateral. It was a private sale. $5,000 or $6,000 of it was in Breslin's notes, held by the bank, which had to be taken up before the stock could be transferred. These notes paid for that amount of stock in our hands. The other was in notes and cash. The notes consisted of Capt. Schley's notes, and a note of another party—Abbott & Dutton—the house of Dutton, at Muscatine, Iowa. About $2,000 was cash—a great part of which was Cumberland Savings Bank notes. Breslin's indebtedness to the bank was a lien on the stock, and had to be first paid before the transfer to Schley could be made. We took the notes up, and sold the whole stock, and Breslin got credit for what we realized for the stock above the $5,000 or $6,000 we paid for his notes.

I received an order from Mr. Gibson to forward funds to New York for the purchase of some bonds, which were purchased by John Thompson for Gibson. The amount of bonds purchased was $150,000 of 1886's, at, I think, 7 per cent. premium. This was about January, 1857. Gibson and myself were in New York about that time, and Gibson handed me the money, and I handed it to Thompson. The money was not all paid at one time. Part of the money was bonds of 1856, or the proceeds. There were some bonds of 1860 left for sale with Thompson, the proceeds to be applied to the payment of the 1886's purchased for Gibson by Thompson. The 1886 bonds had not all been paid for. I cannot state the balance remaining unpaid; and to pay this balance the '60's were left. The '60's were sold, and applied to the payment thereof. Gibson did not hand me any bonds at Columbus when he gave me the order aforesaid. There were no bonds sent to Thompson in advance of the purchase of the 1886's; but the bonds of 1856 and 1860, spoken of above, were handed over to Thompson by Gibson, or perhaps handed to me by Gibson, and by me to Thompson, in New York, at the time of the transaction, in January, 1857. Gibson did not, at that time, tell me that

the 1856's and 1860's, as above, were the property of the Seneca County Bank, but he did subsequently, after his resignation. He stated to me, at the time, that he had orders from several banks for the purchase of longer bonds, and that he had brought these bonds to make the change desired, the bank wanting bonds having longer to run. Thompson did not buy any bonds for Bartlit & Smith directly at that time. Thompson has bought bonds for us, but it had no connection with this transaction, and I am quite positive that he has not purchased any for us since that time.

A part of the 1886's were left with Thompson, as they had not been fully paid for. The 1860's and 1886's that were left, was more than sufficient to pay for the 1886's purchased. I am not sure whether the 1860's would have sufficed to pay for the balance due on the 1886's purchased, and to cover all, the 1886's were left. There was a balance due us from Gibson, and from us to Thompson, in case all the bonds had been delivered. I cannot state either amounts. The 1886's were retained over and above the 1860's, at our request, and for our security. The amount that Thompson subsequently owed Gibson, was for the 1860's and 1886's left as above with Thompson, which, upon the latter's failure, were found to have been misapplied. The 1860's and 1886's together, amounted to more than the amount due Thompson on the entire 1886's purchased, if all had been delivered as first ordered, and this excess constituted the indebtedness of Thompson to us as agent of Gibson, and which, as we were but Gibson's agent, was an indebtedness from Thompson to Gibson, at least so considered by us.

It was at my request that Gibson left with Thompson the bonds of 1886 to the amount of about $35,000, or the amount that constituted the indebtedness of Thompson.

Question. Why did you request Gibson to leave these bonds with Thompson?

Answer. I wanted them under my control until the matter was closed up between Gibson and us, as Gibson was indebted to Bartlit & Smith, and I sought this manner of securing it. The inducement with me in making this request of Gibson was, that I might have these bonds under my own control, so that I could obtain payment from Gibson of the amount of his indebtedness to us on the bonds. At the time of the final settlement with Thompson, after his failure, we were indebted to

him, and the amount of that indebtedness was deducted from the amount of these bonds or their proceeds. After the matter was all closed up, the amount of the bonds over the amount of our indebtedness to Thompson, was between two and three thousand dollars, which was due to Gibson.

January 19, 1859.—In continuance of his testimony, B. E. Smith stated as follows:

In the summer of 1856, John G. Breslin borrowed our note for fifty or fifty-five thousand dollars, for the purpose of raising money in New York. I wrote a letter in his behalf to John Thompson, of New York, for the purpose of enabling Breslin to get the note discounted. I did not take from Breslin any collaterals as security, but simply an agreement for him to pay the note at maturity, which he did, or if I paid it he furnished the means. Gibson had nothing to do with this transaction. It was entirely with Breslin. What he wanted with the money I do not know, and was never informed. I do not know anything about the nature of the collaterals Breslin had to put up with Thompson as security. He told me he had some, and I knew if he got the money, he would have to put them up. I had no arrangement with either Breslin or Gibson to meet them in New York at the time this loan was made, neither did I go there, or take any part in it except as above stated. I made no loan for Gibson from John Thompson, or any other party at that time.

I have no recollection of being offered any domestic bonds or State stocks, by either Gibson or Breslin, as collateral, for this or any other loan, except those left with Thompson in January, 1857, as heretofore stated. I was, sometime after July, 1856, asked by Thompson, in his office in New York, as to the character of Ohio domestic bonds, and as connected with the inquiry, I learned from him that some domestic bonds had been placed with him as collateral on the note referred to. I cannot tell how the note was paid, whether by me or Breslin, or whether it was all money or not. I know that he furnished the means to pay it I do not know that it was paid by a sale of the collaterals. I never was in New York with either Gibson or Breslin, or both, for the purpose of effecting loans for them. I never was in New York with Gibson, except in the winter of 1857—January, I think—excepting after his resignation.

I do not know of Breslin's borrowing any money of the "Mechanics'

Bank of Memphis, Tennessee." I never circulated any of that money for him or that bank.

I never loaned Breslin or Gibson money on the deposit of notes of banks of which they, as Treasurers, were the custodians of the stocks.

Breslin never communicated to or with me, in regard to any losses he had sustained while Treasurer; neither did Gibson; nor have I, from them or other sources, any knowledge of their transactions as Treasurers, other than those I have detailed; nor do I possess any information in relation to this defalcation not herein communicated, except from common rumor.

B. E. SMITH.

Testimony of W. T. Drake, of Cincinnati, taken before Charles Reemelin, Commissioner, at Cincinnati, December 21, 1858.

Wilson T. Drake, after being duly sworn deposeth and says:

I was a partner of the firm of Dunlevy, Drake & Co., which did a banking business in Cincinnati since February, 1855. The firm was previously Dunlevy, Atwood & Co. I was a clerk of the previous firm, and also of that of Dunlevy, Delano & Co.

Neither of these firms ever had any account with A. A. Bliss, nor with John G. Breslin. They may have sold them exchange, but I do not now remember any single fact, and am not certain that we ever furnished J. G Breslin with exchange, though it is likely that we did. The account annexed to my testimony, is all the account the last named firm ever had with W. H. Gibson, Treasurer; and the first transaction was a discount of six notes of his, of $5,000 each, August 20, 1856, being payable—$10,000 in 30, $10,000 in 45, and $10,000 in 60 days. These notes were renewed October 22, and they were paid by drafts on different county treasurers, in the latter part of December, 1856.

Mr. Gibson deposited with us, as collateral for the loan, $31,000, or about that sum, of Ohio State stocks. I cannot remember the numbers

nor the amounts of the several certificates. There were six or eight of them. They were endorsed in blank—such is my impression—but not endorsed by Gibson. The name of Thomas Moodie, cashier, was on one of the certificates; that of B. Winters, cashier, was on another; and they may have been transferred to other parties, but I do not know certain. The stocks remained with us until the notes were finally paid. I gave Gibson a receipt for them when he first deposited them, and in which was entered the specific description of each stock certificate. This receipt Gibson surrendered to us on settlement; but I have hunted for it, and cannot find it, and I have an impression that I destroyed it at the time.

Gibson was not allowed interest on any balance due him with us. We charged him one per cent. on discounts and renewals.

Of the $40,175, December 26, 1856, $35,000 was a draft on New York.

The $25,000, March 20, 1857, must, as the books indicate, have been simply checked out.

There never were any certificates, or other evidences of indebtedness, issued to W. H. Gibson, either individually or as Treasurer, so far as I recollect. I never knew him until he commenced business as per account. He was introduced to me by Mr. D. W. Deshler, senior, on the cars, as I was going home. He had telegraphed for one of us to meet him at the Burnet House that evening, August 19. I met him on the cars at Milford, and returned to Cincinnati with him, and had the interview requested, on the cars. I returned home the same evening to Lebanon, and the next day went to Cincinnati, when the first transaction took place.

We owe nothing to Gibson, nor to Breslin, or Bliss; and I know no other facts or matters at all likely to throw any light upon the subject of your investigations.

W. T. DRAKE.

			Dr.	Cr.	On what side.	Balance.
1856.						
Aug.	20	By Cash		$29,600 00	Cr.	$29,600 00
	"	" Draft on N. Y.—prem.	$10,050 00		"	19,550 00
	22	" Checks, $6,000 00				
		1,000 00	7,000 00		"	12,550 00
	23	" do	5,000 00		"	7,550 00
	26	" do	2,875 63		"	4,674 37
Sept.	1	" do $415 00				
		400 00	815 00		"	3,859 37
	3	" do	1,000 00		"	2,859 37
	6	" do	355 00		"	2,504 37
	4	" do	500 00		"	2,004 37
	9	" do	500 00		"	1,504 37
	10	" do	375 00		"	1,129 37
	11	" do	1,129 37		"	
Oct.	22	" Discount renewal		30,629 72	"	30,629 72
	"	To notes and interest	30,125 00		"	504 72
	"		500 00		"	4 72
Nov.	1	To Due Bill		10,000 00	"	10,004 72
	4	" Cash. $1,000 00				
		2,000 00	3,000 00		"	7,004 72
	6	" do	5,750 00		"	1,254 72
	8	" do	1,250 00		"	4 72
	11	"		696 98	"	701 70
	12	" N. York and ½ pr.		4,020 00	"	4,721 70
	14			1,722 08	"	6,443 78
	18		890 00		"	5,553 78
	24			2,706 89	"	8,260 67
Dec	4		1,347 00		"	6,913 67
	5		2,000 00		"	4,913 67
	6	$1,000,00				
		1.271 96	2,271 96		"	2,641 71
	13	By Treas. Brown Co.		5,000 00	"	7,641 71
	"	To	800 00		"	6,841 71
	15	By		2,770 15	"	9,611 86
	16	" Treas. Clermont Co.		10,000 00	"	19,611 86
	17	" " Preble co. 12,000		12,010 00	"	31,621 86
	18	" Gower Br. & Co.		6,000 00	"	37,621 86
	19	" Treas. Highland co.		11,000 00	"	48,621 86
	20	" " Clinton co. 10,000				
	"	" " Scioto " 4,000				
	"	" " Warren " 16,000		30,000 00	"	78,621 86
	22	To your note and interest	10,081 67		"	68,540 19
	"	" " "	31,137 75		"	37,402 44
	24	By Trust Co. Check		10,000 00	"	47,402 44
	26			1,624 09	"	49,026 53
	"	To Check, $2,000 00				
	"	" do 3,000 00				
	"	" Draft, 35,000—pr. $175	40,175 00		"	8,851 53

William H. Gibson, Treasurer of the State of Ohio.

		Dr.	Cr.	On what side.	Balance.
1857.					
Jan. 5		$125 00		Cr.	$8,726 53
9		3,000 00		"	5,726 53
10		6,000 00		Dr.	273 47
14		1,966 00		"	2,239 47
16	By Trust Check		2,000 00	"	239 47
"	" Balance		239 47		
		$70,019 38	$70,019 38		
1857.					
Jan. 23	To Balance	$239 47		Dr.	$239 47
"	" Cash	1,630 00		"	1,869 47
Feb. 5	By do		$1,210 00	"	659 47
6	" do		11,249 41	Cr.	10,589 94
9	To do	312 64		"	10,277 30
11	By do		8,000 00	"	18,277 30
"	To do	4,850 00		"	13,427 30
14	By Check		3,500 00	"	16,927 30
16	" do		3,000 00	"	19,927 30
"	To	4,722 13		"	15,205 17
19	By Groesbeck & Co.		5,000 00	"	20,205 17
21	To	375 00		"	19,830 17
28	By D. Del., 2,000 00				
"	" Gr'sbeck & Co. 1,521 96		3,521 96	"	23,352 13
March 2	To	7 44		"	23,344 69
3	By Groesbeck & Co.		1,334 93	"	24,679 62
18	"		837 03	"	25,516 65
20	To Check	25,000 00		"	516 65
April 7	" do	600 00		Dr.	83 35
June 8		1,000 00		"	1,083 35
10		600 00		"	1,683 35
11		1,400 00		"	3,083 35
18	By		4,024 55	Cr.	941 20
23	To	1,000 00		Dr.	58 80
	By balance charged to profit and loss	58 80			

The items composing the $4,024 55, paid us June 18, were :

Time draft of Hedges & Co., on Atwood & Co., N. Y., for $2,583, less discount of $43 71	$2,539 29
Time certificate of Bartlit & Smith, $594—dis. $15 68	578 32
Draft on Bartlit & Smith	442 07
do Hurlburt, Cashier, Cleveland	255 38
do Kimball & Co., do	209 49
	$4,024 55

These are all paid.

			Dr.	Cr.	On what side.	Balance.
1856.						
Aug.	20	By Cash	----------	$29,600 00	Cr.	$29,600 00
	"	" Draft on N. Y.—prem.	$10,050 00	----------	"	19,550 00
	22	" Checks, $6,000 00				
		1,000 00	7,000 00	----------	"	12,550 00
	23	" do	5,000 00	----------	"	7,550 00
	26	" do	2,875 63	----------	"	4,674 37
Sept.	1	" do $415 00				
		400 00	815 00	----------	"	3,859 37
	3	" do	1,000 00	----------	"	2,859 37
	6	" do	355 00	----------	"	2,504 37
	4	" do	500 00	----------	"	2,004 37
	9	" do	500 00	----------	"	1,504 37
	10	" do	375 00	----------	"	1,129 37
	11	" do	1,129 37	----------	"	----------
Oct.	22	" Discount renewal	----------	30,629 72	"	30,629 72
	"	To notes and interest	30,125 00	----------	"	504 72
	"	----------	500 00	----------	"	4 72
Nov.	1	To Due Bill	----------	10,000 00	"	10,004 72
	4	" Cash, $1,000 00				
		2,000 00	3,000 00	----------	"	7,004 72
	6	" do	5,750 00	----------	"	1,254 72
	8	" do	1,250 00	----------	"	4 72
	11	" ----------	----------	696 98	"	701 70
	12	" N. York and ½ pr.	----------	4,020 00	"	4,721 70
	14	----------	----------	1,722 08	"	6,443 78
	18	----------	890 00	----------	"	5,553 78
	24	----------	----------	2,706 89	"	8,260 67
Dec	4	----------	1,347 00	----------	"	6,913 67
	5	----------	2,000 00	----------	"	4,913 67
	6	---------- $1,000,00				
		1.271 96	2,271 96	----------	"	2,641 71
	13	By Treas. Brown Co.	----------	5,000 00	"	7,641 71
	"	To ----------	800 00	----------	"	6,841 71
	15	By ----------	----------	2,770 15	"	9,611 86
	16	" Treas. Clermont Co.	----------	10,000 00	"	19,611 86
	17	" " Preble co. 12,000	----------	12,010 00	"	31,621 86
	18	" Gower Br. & Co.	----------	6,000 00	"	37,621 86
	19	" Treas. Highland co.	----------	11,000 00	"	48,621 86
	20	" " Clinton co. 10,000				
	"	" " Scioto " 4,000				
	"	" " Warren " 16,000	----------	30,000 00	"	78,621 86
	22	To your note and interest	10,081 67	----------	"	68,540 19
	"	" " "	31,137 75	----------	"	37,402 44
	24	By Trust Co. Check	----------	10,000 00	"	47,402 44
	26	----------	----------	1,624 09	"	49,026 53
	"	To Check, $2,000 00				
	"	" do 3,000 00				
	"	" Draft, 35,000—pr. $175	40,175 00	----------	"	8,851 53

William H. Gibson, Treasurer of the State of Ohio.

			Dr.	Cr.	On what side.	Balance.
1857.						
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			$70,019 38	$70,019 38		
1857.						
Jan.	23	To Balance	$239 47		Dr.	$239 47
	"	" Cash	1,630 00		"	1,869 47
Feb.	5	By do		$1,210 00	"	659 47
	6	" do		11,249 41	Cr.	10,589 94
	9	To do	312 64		"	10,277 30
	11	By do		8,000 00	"	18,277 30
	"	To do	4,850 00		"	13,427 30
	14	By Check		3,500 00	"	16,927 30
	16	" do		3,000 00	"	19,927 30
	"	To	4,722 13		"	15,205 17
	19	By Groesbeck & Co.		5,000 00	"	20,205 17
	21	To	375 00		"	19,830 17
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	"	" Gr'sbeck & Co. 1,521 96		3,521 96	"	23,352 13
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	3	By Groesbeck & Co.		1,334 93	"	24,679 62
	18	"		837 03	"	25,516 65
	20	To Check	25,000 00		"	516 65
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	18	By		4,024 55	Cr.	941 20
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Draft on Bartlit & Smith	442 07
do Hurlburt, Cashier, Cleveland	255 38
do Kimball & Co., do	209 49
	$4,024 55

These are all paid.

Deposition of John B. Dumble, of Marion, taken before the Commission, September 3, 1858.

J. B. Dumble, after being duly sworn, deposeth and says:

In the fall of 1854, and winter of 1855, I sold Mr. Breslin large quantities of coin and exchange—say $50,000—in the course of the fall and winter, and received pay from him at the Treasurer's office in Columbus. He paid me different kinds of currency, and at one particular time $7,000 in the paper of the Canal Bank of Cleveland, as well as smaller amounts of the same bank at other times. The $7,000 was in several packages, and different denominations, and was given to me after the bank failed. It was understood at that time, that the State would redeem this circulation, and we considered it just as good as any other Ohio currency.

I do not remember the precise time when the $7,000 was paid to me, but think it was after he had remitted his January interest; and he told me he could not purchase of me, unless I took that kind of money. Breslin gave me no explanation as to what he wanted to do with the exchange. He paid me such premium for the exchange as were then the current rates at Cincinnati. A few days before the January interest was made up, he paid me Columbus rates, as exchange was getting scarce, and was hard to get.

We paid the Canal Bank money out at our counter, and we suffered no loss.

At one time in the spring of 1855, I was in Columbus, and wanted to sell him some exchange. He offered to buy it at one per cent., and to pay me by $5,000 of Kanawha Bank money, which I refused, and there was no trade made. The bank was in bad reputation, but I knew nothing special about it.

I know nothing of the business or other pecuniary relations between Judge Bowen and Breslin.

I know nothing of any investments by Breslin, nor of any property he holds, or which he can claim, directly or indirectly, nor of any illegal uses of the public money by him, at any time, or any place. Breslin never deposited any money with me, or the firm I was connected with, nor had I ever any other business transactions with him in any manner

except the ones above stated; nor can I state anything further that would aid your Commission in the investigation with which it stands charged.

J. B. DUMBLE.

Testimony of Sidney Moore, Jr., of Delaware, Ohio, taken before the Commission, December, 8, 1858.

Sidney Moore, Jr., after being duly sworn, deposeth and says:

I was teller and book-keeper of the Delaware Branch of the State Bank of Ohio, from October, 1848, to February, 1852, at which time I became cashier of the Bank of Marion, then recently established. Judge Bowen was president of the bank at that time.

Mr. Bliss never deposited with the Branch Bank at Delaware, nor never held a certificate of deposit on it, issued to him by the bank.

As near as I now recollect, a certificate of deposit had been issued by the Bank of Marion, in the name of A. A Bliss, for some $2,000 or $3,000. This was before I became its cashier. The certificate was marked paid.

Mr. Breslin's name does not appear upon the books of the Marion Bank as a depositor, nor in any other manner, during the time I was cashier, which office I filled from the time named above until November, 1853.

Judge Bowen, the president, was a large depositor, and his deposits will appear both in an open account, and in the certificate account. The particulars of the transactions pointed out to me as part of the open deposit account of Judge Bowen, and which you claim to have taken from the books, I cannot particularize. The entries pertaining to his business, were always made by me as he directed, always ascertaining whether the amounts were correct, never attempting, however, to get the details, nor seeking to get behind the brief statements of Judge Bowen. Thus, I entered any money brought by him to the bank, either to his general deposit account, or I would give him a certificate of deposit, as he requested; and Judge Bowen never gave me, nor did I ask him, the reason for the distinction. Judge Bowen was the manager, financial officer, and factotum of the concern, and my duties were only

executive. Cashiers are usually the financial managers of their respective banks, but such was not the case at the bank of Marion. I cannot say that Judge Bowen had certificates of deposit issued him in those cases, where he wanted to hide the real party from whom the money came; nor can I say that John G. Breslin was the real owner of the money embraced in the certificates of deposit pointed out to me as being collated from the books. I did not, at the time, suspect such to be the case. I have since formed suspicions, because others have suggested the idea, and especially through the examinations and investigations of the State Examiner, Mr. Johnson, in April, 1852.

I cannot explain the debit to "*Discounts*," in May and November, of $1,500. "Discounts" is our interest account. The Marion Bank had borrowed about $15,000 of Ohio State Stocks, of Dr. Parsons of this city, and Judge Gustavus Swan. Judge Bowen was the negotiator. The agreement was, that these parties were to receive the interest, and a bonus of 1 or 2 per cent. besides. If the above amount was an annual entry, I should say it was for this stock loan, but as it looks like a semi-annual entry, I cannot explain it. I know the fact of this contract with Swan and Parsons, and its details, because the contract was filed in our office.

I left the Marion Bank in November, 1853, and became cashier of the Central Bank at Indianapolis. This bank had just then gone into operation. Judge Bowen, C. T. Sherman, of Mansfield, and Columbus Delano, were the stockholders. Judge Bowen was the principal stockholder, giving him the control of the Bank—the other stockholders stipulating, as the articles of association on file in the bank showed, that he should have entire and exclusive control. The capital of the bank was $100,000. The whole capital stock was paid in, in cash, within three months after the bank was organized. I do not know where Judge Bowen or the other stockholders obtained the money for their stock. The State stocks for the basis for the circulation of the Central Bank of Indianapolis, were furnished by contract, through Wm. Sturges, of Cincinnati, then residing in New York, to the amount of $500,000. Mr. Breslin's name does not appear as stockholder, nor in any other manner, on the books of the Central Bank of Indianapolis. I left the bank in January, 1855, and up to that time there was an excess of profits.

understand that the bank was wound up with a loss, but I do not know the particulars, nor the amount.

The certificates of deposit issued to Judge Bowen, in the Bank of Marion, as pointed out to me, and marked paid, were paid by me to Judge Bowen, so far as they came within my administration. Many of them were paid, by issuing to him our own circulating notes. I do not remember the kind of currency Judge Bowen brought when he got the certificates of deposit; nor do I remember paying him interest at the time they were paid. It was not customary to pay interest on deposits, at that time, with the Bank of Marion.

Judge Bowen started also three several banks on the Wabash river, all called the "Wabash River Bank;" and the places at which they were located, were Jasper, New Corydon, and Newville. The cashier of the Jasper Bank was Owen Williams, from Indianapolis; of the New Corydon, S. P. Eaton; and at Newville, E. Lock; and the stockholders were the same as in the Central Bank at Indianapolis, which bank was the centre of operations.

I am not acquainted with Mr. Breslin, but he was pointed out to me once; and I have seen him but twice, to my recollection.

While Judge Bowen was president of the Bank of Marion, he also officiated as trustee of the Bellefontaine Railroad; and as such received sums of money, which he deposited in the Bank of Marion. These deposits were placed in his general account, in the individual ledger. I knew of his being the trustee aforesaid, as it was an open business, and generally known in the vicinity, about which there was no concealment.

SIDNEY MOORE, JR.

Statement collated from the books of the Marion Bank as to Judge Bowen's account.

1852.				
Feb. 23,	O. Bowen is credited,	by	Currency	$5,600 00
Oct. 21,	"	"	Gold	8,000 00
1853.				
Jan. 23,	"	"	Gold, $5,000, Currency, $6,565	11,565 00
April 6,	"	"	Currency	10,000 00

The $5,600 currency, as above, was brought to the bank in eastern money, and paid back February 25, in the circulation of the bank.

The receipt of $8,000 in gold, is also corroborated by the cash blotter;

as well as the $5,000, October 21. This was repaid to him afterwards in gold and Ohio currency.

The foregoing is in Judge O. Bowen's general account.

The certificate account shows the following certificates to have been issued to Judge Bowen :

1852.				
January	13,	No. 210,	Paid January 3, 1853	$21,050 00
"	"	" 211,	" "	5,000 00
"	"	" 212,	" "	5,000 00
"	20,	" 221,	" 10,	3,950 00
"	28,	" 245,	December 6, 1852	26,171 00
"	"	" 246,	Marked simply paid, with no date	3,014 00
"	"	" 247,	Paid September 10, 1852	10,000 00
February	16,	" 266,	" February 8, 1853	6,112 00
"	"	" 267,	" " "	29,079 64
"	"	" 268,	Marked simply paid	12,000 00
September	9,	" 615,	Marked only paid	2,100 00
"	"	" 616,	" "	1,800 00
"	"	" 617,	" "	1,800 00
"	"	" 618,	" "	1,800 00
"	18,	" 638,	" "	3,500 00
October	30,	" 700,	" "	1,727 85
December	6,	" 764,	" "	11,163 18
1853.				
January	4,	" 824,	" "	5,937 50
"	10,	" 833,	" "	3,950 00
February	16,	" 910,	" "	10,000 00
April	22,	" 1039,	"	10,000 00
				$175,185 17

No interest is paid on these certificates on the day that they are paid; but in the general ledger, in the account "Discounts," there are entries, in November, 1852, and May, 1853, for about $1,500, which amount is doubtless interest, as the account "Discounts," is the interest account in that bank; and no person is named to whom the interest is paid. We suppose it was a lumping allowance to Judge Bowen for the deposits made by him, as shown both in his accounts, and the certificate account, as above. Possibly, Mr. Moore's explanation, for which see his testimony, may be correct.

Testimony of Ozias Bowen, of Marion, taken before the Commission, in answer to interrogatories, February 8, 1859.

Ozias Bowen, after being duly sworn, deposeth and says:

I never had any personal or official business transactions with Albert A. Bliss, former Treasurer of State.

Question. Had you any business transactions with John G. Breslin, Treasurer of State?

Answer. I had.

Question. Will you state the nature and extent of such transactions?

Answer. In the winter and spring of 1852, Mr. Breslin deposited in the Bank of Marion various checks, certificates and currency to be collected for his benefit. The bank thereby became his debtor to a pretty large amount, under an arrangement to furnish him exchange and currency when called for. All the business I did for him in this respect, was on behalf of the bank, and as its President—I had no individual dealings with him at that time. The money thus received from Mr. Breslin, was paid back to him previous, I think, to July, 1853. In the fall and winter of 1853, I sold Mr. Breslin one hundred shares of the capital stock of the Central Bank, Indianapolis, amounting to $10,000. These are all the dealings that I now recollect of ever having with Mr. Breslin.

Question. What was the amount of Mr. Breslin's first deposit with the Bank of Marion, and was the account kept in his name; and were there not moneys to a large amount received by you from him that were not placed in the bank to his credit?

Answer I am unable to state the amount. Nor am I able to state whether he had an account on the books of the bank in his name. The method usually adopted by the bank was, at the request of Mr Breslin, to issue certificates of deposit for the amount he furnished, and forward the same to him. Some of these certificates were issued to me, and indorsed by me to Mr. Breslin. There was never one dollar received by me from Mr. Breslin, that did not go to his credit, either in the form of a certificate, or of some other entry by the bank.

Question. Were not moneys received by you from Mr. Breslin, deposited in the bank to your individual credit?

Answer. I received no money from Mr. Breslin for which I did not immediately thereafter forward him the acknowledgment of the bank of

its indebtedness to him for the amount. I have no recollection that any of his money was credited in my account. It may have been so credited, and certificates afterwards issued upon my check.

Question. Was it known to the other officers of the bank, that the accounts you thus kept with it were in fact the accounts of Mr. Breslin, and that the indebtedness of the bank was to him?

Answer It was as to the Directors, but the Cashier might not have known it.

Question. Did you receive interest from the bank on these deposits or certificates for yourself or for Mr. Breslin; and if so, what amount did you receive, and what amount pay to him?

Answer. I received no interest for myself. I think Mr. Breslin received interest from the bank on certificates, but I am not able to give the amount so received.

Question. How was the interest drawn from the bank, and what was the rate per cent. per annum paid to him?

Answer. I cannot state precisely how it was drawn, but it was paid to Mr. Breslin, either in currency or in a certificate or bill of exchange, as he may have directed. Five per cent. interest was paid, as I believe.

Question. Did you propose to Mr. Breslin, or he to you, to deposit moneys with you or the Bank of Marion?

Answer. Mr. Breslin proposed to me. He requested me to come here and see him on the subject, as he intended making a change in the Treasury depositories, as the Columbus banks were not entitled to all the favors from the Treasury. This was immediately after he went into office.

Question. Had there been any previous correspondence or conversation between you and Mr. Breslin upon this subject, and do you know why he was induced to make the request for you to come here?

Answer. There had been no previous correspondence or conversation between us on the subject. I do not know of any inducement which operated with Mr. Breslin. He explained, when I saw him, what he proposed doing.

Question. Was the arrangement to deposit with you made at this interview?

Answer. It was.

Question. Was the amount you received from him, in pursuance of this arrangement, during the month of January, 1852, $74,185; and during the month of February, 1852, $47,221.64; or what was the amount?

Answer. I cannot state the amount, but the books of the bank will show it. It was a large amount, and that stated, if taken from the books of the bank, is probably correct.

Question. Did you ever borrow or obtain any money of Breslin for your own or another's use, other than that above stated?

Answer. I never did.

Question. Did Breslin ever advise or counsel with you as to his business—as to where he should keep his deposits—where speculations or investments could be made with safety and profit?

Answer. He has talked with me some upon those subjects.

Question. What did you advise him to do, and to what speculations, or investments, or depositories, did you direct his attention?

Answer. I gave him no particular advice, only as to the City Bank of Cincinnati. I advised him against making deposits in that institution. I gave him no advice that I recollect, as to speculations or investments of any kind.

Question. Did you ever have any interviews or conversations with him at New York upon these matters?

Answer. I never did.

Question. Were not the articles of association of the Central Bank of Indiana entered into in New York?

Answer. They were

Question. Was not Mr. Breslin there at the time?

Answer. He was not, to my knowledge.

Question. Was not Mr. Breslin one of the original parties to the organization of that bank?

Answer. He was not.

Qestion. Who were, and in what way was Mr. Breslin interested in it, if at all?

Answer. He became interested in it after its organization by the purchase of stock.

Question. Who were the parties to the organization?

Answer. Columbus Delano, Charles T. Sherman and myself.

Question. Was it not understood that Mr. Breslin was in fact a party to it, and expected to furnish a part of the means with which to commence operations; and was not a clause inserted in the articles of association, providing for the admission of Mr Breslin into it by the transfer to him of a part of the stock, not as a subsequent purchaser, but as an original party?

Answer. There was nothing of the kind.

Question. Did he not furnish money or stocks, or both, with which to start the bank?

Answer. As I before stated, after the bank was organized he furnished money by the purchase of the stock. He furnished no money with which to start the bank.

Question. How long after the organization was it before he purchased the stock, and had the bank at that time purchased any State Stocks or commenced doing business?

Answer. The organization was in September, 1853, and $500,000 of State Stocks were, at the date of the organization, purchased for the bank. The engraving and safe were contracted for at the same date, and the bank commenced doing business in November, 1853. I assigned my stock to Breslin sometime in October of the same year, but do not know at what time he acquired any other stock. The money for the stock I transferred to Mr. Breslin, was paid to me at the time of transfer.

Question. Was any other amount of the stock transferred to Mr. Breslin by other parties?

Answer. Mr. Charles T. Sherman transferred to him about that time ten thousand dollars of the stock for which Mr. Breslin paid him, or the bank, ten thousand dollars in cash.

Question. What amount of actual cash did Mr. Breslin invest in this bank, and what interest has he in it now?

Answer. The $10,000 of stock purchased of me, and the $10,000 purchased of Sherman, are the only amounts of which I have any actual knowledge. I have understood, from Mr. Breslin and Mr. Sherman, that the latter, some two years after the organization of the bank, transferred to Breslin $10,000 more of his stock. In June, 1855, I paid to Mr. Breslin $9,000 on account of his stock. I have no knowledge of any further payments being made to him on that account. The $9,000 paid him

was on account of the stock I had sold him. He had no dealings with the bank, and it is not indebted to him in any amount.

Question. Was any money borrowed of Mr. Breslin with which to purchase State stocks for the bank?

Answer. Never a dollar to my knowledge.

Question. Through whose influence or by whose advice did Mr. Breslin become interested in the bank?

Answer. I do not know.

Question. Was it not intended, at the time of the organization of the bank, that Mr. Breslin should become a party to it, if his consent could be obtained; or, what were the facts connected with the organization that caused provision to be made for parties not ostensibly connected with it at the time? State all the facts and circumstances in relation to it.

Answer. In August or September, 1853, Mr. Sherman wrote me, requesting me to meet him and Mr. Delano in New York at the time he indicated, saying that we could make some business arrangements that would be beneficial to us all, alluding, as I understood at the time, to some operations in railroad stocks. Accordingly, we met there, and upon my arrival, I was introduced to a man named William Sturges, whom I had never seen before to my knowledge. Mr. Sturges had recently opened a banking house in New York city, under the name of Sturges & Ellis. Mr. Delano was engaged by that house as their confidential adviser or agent. During the first or second interviews between us, a project of organizing a bank under the laws of Indiana was proposed. Mr. Sturges was rather urgent to have it organized. Said he would furnish Virginia six per cent. stocks as a basis for it. He said he could buy them cheaper than any man in the market, and would let us have them at the original cost to him and two and one-half per cent. commission. He assured the parties that he had purchased the stocks, and paid for them 106, and that they could not be bought for one cent below that in the market. Several interviews took place between the parties, some of which occurred at Mr. Delano's house, and it was finally agreed that articles of association should be signed, and the bank organized upon a stock basis of $500,000, and upon an actual cash capital of $100,000. Of this amount, it was agreed that Mr. Delano should subscribe and pay for $40,000, and Mr. Sherman and myself should take the residue. I stated to the parties distinctly at the time, that I might wish

to transfer some of that stock to Mr. Durfee, my law partner, who was engaged in banking and other business with me at Marion, and I required a provision to be inserted in our agreement authorizing me to make such transfer if I chose to do so. That, at the instance of Mr. Sherman, a like provision was inserted authorizing him to transfer a portion of his stock to any person he might deem proper. Mr. Sturges, for reasons which I never understood, refused to have his name appear as a stockholder, although he furnished the $40,000 paid by Delano, as I understood. Being induced to believe that the representations made by Sturges about the bank, were true, we entered into an agreement with him for the purchase of the $500,000 of the State stocks named at 108½, and the accrued interest; and proceeded at once to put the bank into operation. Soon after, it came to the knowledge of myself and Mr. Sherman, that Sturges had, in point of fact, paid but 102 for the bonds; whereupon, we refused to make payment for anything more than the 102 and the commission of two and one-half per cent., as agreed,—which resulted in litigation between Sturges and the bank, and subsequent large losses to it. The matter was finally settled by paying 106½. By that fraud of Sturges, a large amount of the actual capital paid in was absorbed. At the time of the organization, I had no knowledge that Breslin would take any of the stock. After I returned home, I think I wrote to him, and informed him of the organization of the bank, of the amount of the stock I had taken, and inquired whether he could take any part of it; and I received his reply in the affirmative. Some time after, he sent me some $4,000 or $5,000 in currency, to my residence at Marion; and afterwards, he sent me a sufficient amount, I think, in exchange, to make the payment in full for the stock transferred to him. There was no agreement, before the organization, between Mr. Breslin and myself, that he should take any portion of the stock. I had control of the bank during the time it did business, and closed it up with a large loss.

Question. In what manner did these losses occur?

Answer. First, by the payment of premium, interest and exchange upon the bonds purchased; secondly, by the loss of about $25,000 of the bonds in the office of the Auditor of State of Indiana, by some fraud or misconduct on his part, the depository of the bonds; and by a suspended debt of about $20,000, and loss in the depreciation of bonds taken up,

which realized only about 90 cents on the dollar, when they had cost the bank 108; and by the expenses of the bank. These were the prominent items of loss. Mr. Moore, the cashier of the bank, has made out a balance sheet, which can be obtained for the use of all parties in interest. He is now cashier of the State Bank at Delaware.

Question. Were you interested with Mr. Breslin in any other bank or banks, in Indiana or elsewhere?

Answer. Charles T. Sherman, R. B. Durfee and Mr. Breslin, were interested in the Delaware County Bank in Indiana. His interest was five thousand dollars, and I think there was paid back to him three thousand dollars. Mr. Breslin also owned fifteen thousand dollars of the stock of the Bank of Marion. At the first interview, after his accession to office, I had with Mr. Breslin, he inquired whether he could obtain any of the stock of that bank. I told him he could do so, by subscribing it, which he did, and the stock was taken by him, and held for him in the name of John Ault, the present cashier. He held this stock until about August, 1853, when he sold, as I was informed, to Mr. Ault, he, Breslin, reserving to himself the accruing dividend. I do not know that Mr. Ault has paid up for the stock, but think he did so. I know of no interest or connection of Mr. Breslin with any other bank whatever.

Question. Did he not have an interest in the banks at Newville, New Corydon, and Jasper, Indiana?

Answer. He had no interest in them distinct from his interest in the Central Bank,—these banks being parts of and connected with that bank.

Question. Did Mr. Breslin ever advise you of the circumstances of his settlement with A. A. Bliss, his predecessor; of his losses by W. E. Chittenden; or of his investments, operations or connections with the Greensborough or Cumberland Banks, Maryland, or with the Kanawha Bank, Virginia?

Answer. He never did, and I know nothing of them.

Question. Do you know of any operations of Mr. Breslin anywhere, involving the use of money or credit other than those above stated?

Answer. I do not.

Question. Do you hold any assets, evidences of indebtedness, stocks, moneys, or property of any nature or description, in which Mr. Breslin, or any person for him, has a direct or contingent interest?

Answer. I do not.

Question. Do you know of any person who does? or, do you know of any fact not herein communicated, which can aid this Commission in the disclosure of the means by which the defalcation in the Treasury occurred, or where any portion of the moneys abstracted now are?

Answer. I do not.

Question. Did Mr. Breslin ever advise you of any of his difficulties or embarrassments, while Treasurer or since?

Answer. He never did. He was not communicative to me at all upon these subjects.

Question. Did you suspect or have reason to believe that Mr. Breslin, in his operations within your knowledge, was using the moneys of the State?

Answer. So far as relates to deposits in the Bank of Marion, I believed they were the funds of the State Treasury. So far as the purchases of the stock in that bank is concerned, I had no knowledge upon the subject, but might have suspected it was made with moneys of the Treasury. As to any other investments, I had no belief or suspicions of that kind.

Question. Did you, for yourself or others, have any transactions with Wm. H. Gibson, Treasurer of State, involving the use of money or credit?

Answer. I never did.

Question. Do you know of any investments, speculations or transactions of Wm. H. Gibson, with other persons, involving the use of money or credit?

Answer. I do not.

O. BOWEN.

Testimony of John Ault, of Marion, Ohio, taken before the Commission, at Columbus, February 22, 1859.

John Ault, after being duly sworn, deposeth and says:

I am now cashier of the bank of Marion, and have been since February, 1854. In March, 1852, Judge Ozias Bowen said to me that he wished me to subscribe to the capital stock of the Bank of Marion fifteen thousand dollars, to be held by me in trust for John G. Breslin, then the Treasurer of the State of Ohio. I subscribed the stock for that

amount in my own name, because Judge Bowen solicited me to do so; but I did not pay the money myself, it having been paid to the bank by Judge Bowen. I gave to Breslin, through Judge Bowen, a statement or agreement that I had subscribed that amount of stock in his name, and held it in trust for him. I held this stock until November, 1853. After I had subscribed the stock above referred to, I met Mr. Breslin, and inquired of him in relation to it; and was told, that he wished to own some of the stock of the bank, and preferred holding it in that way.

I knew nothing of any arrangements made between Judge Bowen and Breslin, in relation to the purchase of the stock, previous to the time the request was made of me to purchase and hold it for Mr. Breslin, as stated. Judge Bowen subsequently desired me, as he said, at Breslin's solicitation, to surrender the stock to him; but having given Breslin an agreement to hold it for him, I declined doing so until I could confer with him upon the subject—which I did, and in consequence, with two others, became the purchaser of Breslin's stock, paying him the whole amount in cash. Breslin never owned any other stock in the bank, neither is the bank in any way indebted to him in any amount. I was not at all satisfied with the manner in which the stock of Breslin was subscribed and held, because I could not conceive, if everything was perfectly right in regard to it, why Breslin desired to have the stock held in the name of another party. With these feelings operating upon me, I was anxious for Breslin to sell it, or hold it in some other manner. The purchase which resulted, relieved me from any embarrassments upon the subject.

I herewith show you the original subscription I made for the stock, for 300 shares; also, the book of transfers, showing that on the 30th of November, 1853, I transferred to C. Brady $5,000, and to W. W. Conklin $5,000, retaining the other $5,000 for myself. It was all paid to Mr. Breslin in cash.

J. AULT.

Deposition of Charles T. Sherman, of Mansfield, taken before the Commission, July 23, 1858.

Charles T. Sherman, after being duly sworn, deposeth and says:

I was a director of the Sandusky and Mansfield Railroad Company. It is now called the Sandusky, Mansfield and Newark Railroad Company.

The company was organized as early as 1844. The present organization is a consolidation of the Columbus and Lake Erie, and the Sandusky and Mansfield Railroad. This consolidation took place in 1852. I continued a director until 1855. From the date of the consolidation till the spring of 1855, the business of the road was conducted by J. G. Camp, its president, and J. R. Robinson, its superintendent. During that time, the road, through these officers, borrowed money, at various periods, of J. G. Breslin, the Treasurer of State. This fact I knew from the officers above named. In 1855, Breslin forwarded to me, as an attorney, for collection, four several acceptances of that company, for $5,000 each, endorsed by Robinson and Camp individually, on one of which there was an entry of $2,500 being paid, leaving the sum due $17,500. I brought suit upon the paper, and obtained judgment. I do not know how much the accrued interest was. There was also 6 per cent. damages, as the paper was in the form of drafts on New York. The judgment was for over $18,000. I took measures to collect the judgment, but before anything was collected, it was settled by Breslin with G. B. Wright, of Newark, the receiver—the precise terms I do not know. At Breslin's request, the judgment was taken in my name as trustee. I have had conversations with Breslin upon the subject, and derived from him the information, that the paper was for money borrowed.

I never derived from Breslin any facts or hints, that he had loaned money to any other railroad company.

I have heard J. G. Camp, the president, say that his transactions with Breslin were very large, up to $100,000, to $200,000, and that this amount was for our railroad. Camp would say, that the State had made money out of the road, by buying of them exchange on New York. I understood, at the time, that the paper handed me for collection, was all that was due from the road to Breslin at that time.

Camp was also president of the Sandusky City Bank. Camp was a large stockholder of our road, $50,000 and upwards. I never heard that Breslin held any stock or bonds in our road, either directly or collaterally.

I have heard that Camp was and is a partner in Redfield's contract for building the Tiffin and Fort Wayne Railroad. I never heard that he was concerned in the Clinton Extension. I have always heard that Breslin was also one of the ten.

I had been acquainted with Breslin before he was Treasurer, at Mansfield, and I was no doubt selected by Breslin as his attorney, from this casual acquaintance. The fact that I was acquainted with the transactions already, and was familiar with the means of the road, and its affairs generally, doubtless also was a great reason for being selected.

I never borrowed money from Breslin, nor had any moneyed or other transactions with him, except as stated. I have not yet been paid my fees for my services in the above case.

I have no other knowledge relating to matters with the investigation of which this commission is charged, nor have I any facts in my possession, that would throw light upon the several subjects beyond what I have already stated, except that, as friend and legal adviser of J. P. Reznor, I was present at an interview between Reznor and Breslin, at Cincinnati. The object of the interview was to see how to get back the money put into the City Bank of Cincinnati. I learned the general fact that there was no chance to do so, and that the bank was rotten to the core. Breslin complained that Reznor had deceived him, through Gibson at Tiffin, and others at Ashland and Richland, of whom he had inquired as to Reznor's means—that representations had been made to him, that Reznor had large means, when really he had but little.

I know nothing of his connection with any Ohio or Indiana, or any other bank. Camp is in New York City, in the house of Wells, Fargo & Co. I was a stockholder of the City Bank of Cincinnati, as trustee for Reznor. I am not a stockholder of any bank. I never was intrusted by Breslin with any other case except the above, nor have I been consulted by him in any matter except as above, either since he is out of office or before. I was never concerned with Gibson in any business of any kind whatever, except as attorneys in separate counties, and these had no relation to any matters arising out of the State Treasury, nor the Seneca County Bank; and the same is true as to A. A. Bliss.

C. T. SHERMAN.

Testimony of William Sturges, of the City of Chicago, taken before the Commission at Columbus, December 30, 1858.

William Sturges, after being duly sworn, deposeth and says:

I was a member of the firm of Ellis & Sturges in Cincinnati; and of Sturges & Ellis in New York. I do not know whether the county Treasurers of Hamilton or adjoining counties did deposit with us, but my impression is they did; nor can I tell the arrangements under which those deposits, if made, were made. I attended but little to the business of the office at Cincinnati, and was not familiar with its details. I do not know that a certificate for $150,000, or any such large sum, was ever given to Charles Thomas, or a draft for like amount to John G. Breslin. The firm of Ellis & Sturges was commenced July 1, 1853, and stopped November 8, 1854.

In the summer of 1853, Mr. J. G. Breslin applied to me, at Putnam, Ohio, to sell him some $50,000 or $100,000 of Virginia 6 per cent. bonds; also, for a loan of some money, I think either $25,000 or $35,000. I sold him the bond, I think, at 108, and the accrued interest. I loaned him either $25,000 or $35,000 at the same time. I gave him sight drafts on New York for the money loaned. I think he told me that these bonds were for Bartlit & Smith, for a bank in Indiana. I am not certain whether Breslin mentioned to me for what bank it was, but I supposed it was for the Jamestown Bank. He did not pay me for the bonds at the time they were purchased, but gave me time bills on Mr. A. P. Edgerton, Tranfer Agent, in New York City; and this he did also for the money loaned The bills were for 60 or 90 days, or perhaps both. The bills were presented through our house in New York, and paid. Mr. Breslin did not mention to me under what understanding with Edgerton he issued these time bills. I am confident he signed them as "Treasurer." This transaction was after July, I think, and it was with me personally, at my house in Putnam, Ohio, and Breslin came to me of his own accord I have a vague impression, that the time bills above spoken of, were presented for acceptance before they matured, through our agent, Mr. Allen, in New York, but were not accepted. Mr. Allen may have merely gone there for information.

In the fall, or late in the summer of 1854, Mr. J. G. Camp, of Sandusky City, applied to me in New York for a loan of $50,000 or $100,000.

told him that money was very close, and I could not spare it. There was a run on our Cincinnati house about this time. I understood the loan to be for Mr. Breslin. Mr. Camp was exceedingly pressing, and finally suggested to me, that if I would sell him $50,000 Virginia 6's, he could arrange the matter of the loan at another house on them. This I finally reluctantly did. I received in payment John G. Breslin's draft on Mr. Edgerton, for $50,000, payable on the 1st of January, 1855. The price of the bonds was either 103 or 105; I think the former. In both this and the former negotiations, the rate of interest was 6 per cent. Before the maturity of that draft, I received a letter from Mr. Breslin, or perhaps he called on me, requesting me not to present the draft on Mr. Edgerton, when due, as he would pay it at Columbus, which he did in sight drafts on New York. The drafts were for various amounts, issued by various banks and bankers in Ohio, on banks and bankers in New York; and it is my impression they were endorsed by him as Treasurer of State. They were all paid. I was paid a few days after 1st January, 1855. Mr. Breslin complained to me, that Mr. Camp had paid too much for the bonds, and that he, Breslin, had lost $5,000 by the transaction. My impression was then, and is now, though I do not know certain, that the bonds were placed as collaterals for a loan with some foreign house in New York, whose name I do not know. Mr. Breslin recognized this transaction of Camp's in full as being for him. I think I can give you the number of all the bonds I sold to John G. Breslin, or to John G. Camp for Breslin, and will remit a statement of them to you.

I never borrowed any money of John G. Breslin. I know that Breslin had dealings with our house in Cincinnati; but as to their precise nature or extent, I knew nothing about them.

I was a stockholder of the Central Bank of Indiana; of which O. Bowen, of Marion, Ohio, was president; and was owner of two-fifths of that Bank, and all the banks that arose out of that bank. The capital stock was $100,000. The other stockholders were originally, O. Bowen, $40,000; C. T. Sherman, $20,000; Columbus Delano, $20,000; and myself, $20,000. I paid in Delano's capital, and bought his stock of him afterwards. It was understood, that one-half of Bowen's stock belonged to a very secret, confidential friend of his, whose name he was not at liberty to divulge. I had no suspicion at the time the bank was

being got up, who this person was, but immediately afterwards became satisfied it was John G. Breslin. My basis for this belief were Bowen's movements to Columbus, Ohio, to which place he would go on his way home; and afterwards by conversations with Delano and Sherman. I sold to the bank $500,000 of Virginia State Stocks. I believed, and do now, that there was a very large amount of money made in the Central Bank of Indiana. Judge Bowen claims that large sums were lost; and none of the capital, so far as I know, has ever been returned.

As to Mr. Breslin's connection with the Kanawha Bank, it is my impression that he either owned $25,000 of stock in it, or furnished Mr. Cones the money to take that amount. I furnished Mr. Cones some $20,000 in cash; and I understand, Mr. Breslin furnished a like or larger amount. The money furnished by me, I have understood, W. W. Cones lost in gambling. Ellis & Sturges now have $50,000 of stock in the Kanawha Bank; and the bank has us charged with about the same amount. I understood that Wash. McLean was to take an equal amount of stock with Cones, Breslin and myself, though whether he did or not I never knew. I have no idea, nor suspicion, how the $25,000 of old circulation of the Kanawha Bank was put in circulation. We were stockholders in the Kanawha Bank before the Breslin-Cones arrangement, and we went into that to save the investment already in it.

I know of no other investments by Mr. Breslin; nor of any property he has anywhere. He never, to my knowledge, obtained from me, or our house, any property, except what I have already named; nor do I know any other facts connected with the several matters with the investigation of which this commission stands charged, and which are likely to shed any light upon your investigations, except as already stated.

WM. STURGES.

Letter of Columbus Delano, of Mt. Vernon, Ohio, to the Treasury Investigating Commission.

MT. VERNON, O., Feb. 26, 1859.

Messrs. Edgerton, Reemelin and Morgan:

GENTLEMEN: I am informed, that as a committee appointed by the legislature, you are investigating the State Treasury defalcations:,

A number of my friends at Columbus, and elsewhere, have informed me that quite recently current rumor says your report will be shaped so as to connect my name unfavorably with the subject, in some form, growing out of my ownership of stock in the Central Bank, Ind.

Never having heard from your committee, or any of its members, I place no dependence on this rumor, because I feel confident that such a committee as yours will make neither charge nor insinuation in such a report, without giving the party implicated due notice, and a copy of the evidence in regard to himself, in time for explanation and vindication. I think the character of your committee warrants me in believing that you will be governed by the rule of justice and fairness to which I have alluded.

I beg to assure you, that any effort to connect me unfavorably with the subject of your investigations, will be unjust and erroneous; and I believe it is in my power, when time and opportunity occurs, to demonstrate what I say.

To satisfy you that this opinion is an earnest one, I shall send herewith, for your perusal, a letter which I have recently received from Wm. Sturges, who knows fully every circumstance in regard to my ownership of stock in, and connection with the Central Bank, Indiana. Mr. C. T. Sherman endorses this letter, and you are at liberty to copy it if you desire.

I trust the circumstances will justify this communication, and that I may expect, before being implicated by your report, directly or indirectly, that you will not only notify me that I am assailed, but that you will furnish me with the evidence thereof, and afford me time to reply.

Very respectfully, your ob't serv't,

C. DELANO.

[COPY.]

CHICAGO, Feb. 21, 1859.

C. Delano, Esq.:

DEAR SIR:—I have received your letter of the 11th instant. There certainly can be nothing in the report of the Investigating Committee, that can be tortured into any implication of you.

It is true, you were a stockholder in the Central Bank, but I furnished the stock for you, or rather, paid in the money, and know that you had not a dollar from the State of Ohio, or its Treasurer, or from any other person whatsoever.

At the time we agreed to go into the bank, I certainly had not the slightest knowledge that Mr. Breslin was to be interested in the bank, or that any funds of his, or of the State of Ohio, were to be used; and I most solemnly believe you had not. Indeed, I am morally certain, you could not have had.

I know that the bank, as a corporation, borrowed no money of Breslin, and that we did not. That if any of the other stockholders did, it was without our knowledge or consent, directly or indirectly,—and that we had no power to prevent it even had we known it.

It is my conscientious belief, that no man, be he your personal or political enemy, can make any charge against you in relation to the late defalcation in the Treasury of the State of Ohio. You were assisting me in my business, from July, 1853, to about January 1, 1855; and I do not believe that during that time you had a single business transaction that I did not know all about.

Respectfully,

(Signed) W. STURGES.

[COPY.]

The above statement is correct, so far as my belief and information extends.

(Signed) C. T. SHERMAN.

February 21, 1859.

Testimony of Charles Borland, of Lancaster, Ohio, taken before the Commission, December 10, 1858.

Charles Borland, after being duly sworn, deposeth and says:

I am the father-in-law of John G. Breslin. This relation commenced in May, 1855. I was not acquainted with him previous to his visits to my house, which occurred some six months before the marriage.

I never had any business dealings with Mr. Breslin, except that he indorsed one note for me for $3,000, which was discounted at the Seneca County Bank. The note has been paid by W. H. Gibson, who subsequently became my indorser, and I have paid the note some three months ago. I agreed to convey to him lands in Iowa, at his price, and have done so. The lands conveyed lie in Buchanan county, Iowa, and consist of 320 acres, which I bought of John D. Martin several years ago. I never made any investment for Breslin, nor he for me, nor we jointly; nor has he ever conveyed to me, or to any person for me, so far as I know, or have reason to believe, any real estate or other property. I have never heard such a thing suggested until now, nor have I seen a paper from him in relation to any such transfer or conveyance. I have conveyed to my daughter, Mrs. Breslin, 160 acres of land, lying in Hancock, Seneca and Wood counties. I never received from Breslin any money, nor other valuable thing, directly or indirectly.

I am not interested in the Coal Oil Company near Wolf's Station, on the Cincinnati, Wilmington and Zanesville Railroad, of which J. R. Robinson is superintendent. I never saw the premises. I know nothing about the Company, except that my neighbors, Reber & Kutz, are interested in it.

I never conversed with Breslin about the defalcation in the Treasury, nor any of his troubles, except to admonish him to make no disclosures to me in regard to them. I have no knowledge as to the causes which produced it, nor do I know what became of the money; and I have to make the same answer as to Mr. Gibson, and also Bartlit & Smith; and I can only add, that I have no knowledge whatever, beyond what is accessible to the public, as to where Mr. Breslin's, or the State's, money was or is.

I was not originally consulted as to the propriety or character of the compromise proposition before the General Assembly last winter.

found it, on a casual visit to Columbus, in the hands of Mr. Pennington and others, who were representing the securities. The proposition was submitted to me. I disapproved of it, so far as it released the principals. I did not disclose my objections, but went immediately to Mr. Breslin, at Canada, to whom I made known my objection, and requested his authority for having it removed, which he gave me. Mr. Breslin voluntarily said to me, "that if the State would permit him to return, it should not, by him in equity, be the loser of a dollar." I returned to Columbus, and authorized the change to be made in the above proposition, as suggested by me, and thus the matter went before the General Assembly. I found, on my return from the north, General Thomas H. Ford advocating the proposition. I had interviews with him, at which I also met a Mr. Hedges, of Mansfield, and found that he (Ford) was taking an interest in it in behalf of the securities, especially the Hedges, and also Mr. Gibson. He did not inform me of the terms on which he had become interested in the matter; but he would frequently complain of his not getting any money. He would also speak of Gibson being faithless to Breslin,—his specific charge being, that Gibson was secretly opposing the proposition, and that he had motives for keeping Breslin out of the State. He would also intimate, that Gibson had the assets, and that Gibson was only trying to get everything from Breslin, and then use the means for himself. General Ford did not tell me, that Gibson said to him (Ford) that he (Gibson) would get Breslin to make an assignment to him of all he had, and that he (Gibson) would then guarantee to protect the securities and defy the State. The suspicions expressed by Ford, made at the time an impression on me, so far at least as to write to Breslin their general tenor without mentioning names. I did not suggest to General Ford to visit Breslin, and to talk these matters over with him, but Gen. Ford did suggest himself to go to Canada to see Mr. Breslin, after the Legislature adjourned; and I have been informed that he did go.

I remember nothing farther that would be likely to throw any light upon the subject of your investigations.

CHAS. BORLAND.

Testimony of Samuel Medary, taken before Charles Reemelin, December 8, 1858.

Samuel Medary, after being duly sworn, deposeth and says:

During Mr. Bliss' and Mr. Breslin's terms, I was nearly all the time State Printer, and would receive at the Treasury advance payments on my accounts before they were finally settled. This was sometimes done in anticipation of appropriations during the session of the General Assembly, and also in anticipation of the final closing of my printing accounts, but such payments were never loans to me, nor did I ever borrow money of any of the State Treasurers, in any proper sense of the term, of any of them.

I never had any moneyed transactions of any nature or character with W. H. Gibson. He never aided me with the sum of $10,000, nor any other sum, to keep the Ohio Statesman from sale on execution, neither in 1856, nor at any other time. No such transaction took place with any one connected with me in the Statesman, in any shape or form.

I am not, to my knowledge, in any manner indebted to either Bliss, Breslin or Gibson, directly or indirectly; and beyond my transactions necessarily connected with, and arising out of my being State Printer, had no dealings with the State Treasury. I claim that the State owes me an unsettled balance from the time Morgan was Auditor of State.

The $866.52, reported as an order of S. Medary on F. M. Wright, in favor of O. P. Hines, dated March 31, 1856, for printing, was given by me to the County Treasurer of this county, for the payment of my taxes, to be paid by the Auditor of State out of moneys appropriated for State Printing, then due me on an unsettled account under the Smith contract. So far as I know this has been fully adjusted.

On the failure of Wash. Cones & Co., I applied to Breslin, being one of his securities, for a full explanation of his losses by that firm, and in consequence thereof, was present at an interview at Cincinnati, at which the circumstances of Wash. Cones, and his means to pay Breslin the amount due, were discussed. Nothing definite was done. He left no impression on my mind, whether Wash. Cones was the only trouble he had, or not.

I have made no investments with Breslin in Minnesota, nor anywhere else; nor have I heard of Breslin's investing any money in Western lands, either in that State or anywhere else; nor has Breslin, nor Gib-

son, invested for me any money anywhere. I know of no investments of any nature or character, by either of these men, directly or indirectly, in Minnesota, or anywhere else; in fact, I know little or nothing of their business.

SAMUEL MEDARY.

Testimony of James H. Smith, of Columbus, taken December 4, 1858.

James H. Smith, after being duly sworn, deposeth and says:

I am, and have been, acquainted with John G. Breslin. We were not intimate for some years after our acquaintance, including a large part of his official residence in Columbus. Some time in his second term, our intercourse became more frequent than it had previously been. I never heard him allude, in any terms, whatever, to his settlement with Bliss—nor make any reference to the manner in which Auditor Morgan charged items to him. He never said anything in my hearing calculated to shed light upon the affairs of the Treasury.

I was never the recipient of pecuniary favors from Mr. Breslin, at any time; nor did I make any investments for him nor he for me, in any manner whatever, while he was Treasurer of State—nor have I any knowledge of such investments, made by or for him, during that time.

In the month of April, 1857, Mr. Breslin came on board a steamer, on which I was a passenger, bound for St. Paul, Minnesota. Mr. B. came on either at Prairie Due Chien or La Crosse. We continued on the boat together, until when within about twelve miles of St. Paul, the boat sunk, and we, with many other passengers, were compelled to walk to that city. Some days after our arrival, several other persons from Ohio came to St. Paul, among whom I now remember J. H. Baker, W. H. Gibson, Thomas H. Ford, Daniel Heaton, John L. G. Burt, James B. Steadman and Mr. Hamlin. During the three months I remained in Minnesota there were many other persons there from Ohio, as well as from various sections of the country. I was there as the friend of Col. Medary, then recently appointed Governor of the Territory.

Mr. Breslin's stay lasted, I think, about two weeks. As he was about leaving for home, I said to him in substance, that some of his friends

there would be surprised that he had made no investments in the Territory, as bargains seemed, from the accounts of speculators, to be numerous, and that he was thought to have plenty of money. He replied, substantially, and with great emphasis, that he had hardly enough money to pay his expenses from home and back. As the boat on which he had taken passage was about leaving, he requested that I should remember him if I met with any speculations which promised fairly, and required very little capital, which I agreed to do. Shortly after, an association was formed called the Minnesota & Dacotah Land Company, the first object of which was to locate and lay out a "city" at the Upper Falls of the Mississippi, some three hundred miles perhaps above St. Paul. Being assured by persons on whose judgment I relied that it was a good speculation, I was induced to take stock in this enterprise, and at the same time subscribed for $2,500 in Mr. Breslin's name, subject to his acceptance. I wrote him accordingly, and he did accept the stock, and to my knowledge paid an instalment of 2½ per cent., or $62.50. What further occurred in this transaction, so far as he was connected with it, I know not. Ever since the financial revulsion, which came on soon after, I have regarded my own interest in it as worthless.

While in St. Paul, I heard it stated that Mr. Gibson had bought three or four lots in West St. Paul, at about $150 each.

As mentioned before, on our upward trip our boat sunk below St. Paul, some twelve miles, and we had to walk the remaining distance. The boat sunk between midnight and daylight. Mr. Breslin and I walked most of the way together, and while conversing upon the disaster, he appeared to be deeply impressed with the danger to which we had been exposed, alluding to it repeatedly with much feeling. During these conversations, he spoke of his business affairs as being in a very unfit condition for him to be running such risks of sudden death. I cautioned him against speaking to me of his business, if it was of a nature that he did not wish to have disclosed, as I might at any time be called upon to testify to my knowledge of it. He had however always, then, before, and after, maintained the most perfect reserve as to the affairs of the Treasury, so that I never received a syllable of information from him on that subject, except what appeared in his official reports—unless the following may be regarded as qualifying this statement:

In the fall of 1855, Mr. Breslin learned that I was about to make a

tour through the west. A day or so before I started he gave me one or two (I believe two,) transcripts of judgments from the docket of a court in New York City, against one A. Hyatt Smith, of Janesville, Wisconsin, which Mr. B. wished me to ascertain the probability of collecting. Smith was connected, as appeared on the transcripts, in some official capacity, not now remembered, with a Railroad Company. The amount of the claim was about $10,000. I did not find Mr. S. at Janesville, but I did learn enough to satisfy me that the prospect of speedy collection was the reverse of flattering. I left the transcripts with the firm of Messrs. Finch & Lynde, Attorneys, at Milwaukee, taking their receipt in Mr. Breslin's favor, and directing them to await Breslin's instructions. I gave the receipt to him on my return, and I know nothing more about the matter. I cannot now recollect whether Mr. Breslin appeared in the transcripts as plaintiff in the judgments, or whether they were assigned to him by other parties.

JAMES H. SMITH.

Testimony of W. R. Rankin, of Columbus, O., taken before the Commission, December 8th, 1858.

W. R. Rankin, after being duly sworn, deposeth and says:

I am a member of the present General Assembly. I had no consultation with W. H. Gibson, or anybody else, about the Breslin compromise proposition, and my opposition to it was not instigated by Gibson, or any person else. I moved an amendment to it, the import of which was, that Breslin might come back unmolested, upon his paying $750,000, or whatever sum was necessary to cover the entire defalcation.

I am not in possession of any fact whatever touching the several matters with the investigation of which this Commission stands charged, or anything that would be likely to throw light upon any part of them.

W. R. RANKIN.

Testimony of Frederick W. Green, taken before the Commission, January 8, 1859.

Frederick W. Green, after being duly sworn, deposeth and says:

I am at present a resident of Cleveland, and was formerly a resident of Tiffin. I was one of the sureties of John G. Breslin, Treasurer of State, on his bond for his first and second terms. When Breslin was first elected, he owned the "Advertiser office," at Tiffin, but I think no real estate; and was probably worth between $2,000 and $3,000. Mr. Breslin never communicated to me, neither did I know anything of his operations with money, by investments, speculations or otherwise, during his first or second terms of office. My relations with him were of the most intimate and friendly character; yet he never made me his confidant in business matters—never asked my counsel or advice; and I was as entirely ignorant of his financial transactions while treasurer, as if we had been entire strangers.

The first intimation I had of any difficulties in the Treasury, or of any suspicions surrounding it, was when the first Report of the Sinking Fund Commissioners was made, which I first saw in Washington while a member of Congress. But such was my confidence in Breslin, that I attached no importance to the suspicions, but believed that Breslin would be found to be entirely correct in his discharge of the duties of his office; and the first intimation I had of the contrary, was when the defalcation became publicly known. At no time during his term of office did he ever communicate, or even hint to me, that he was in any difficulty or embarrassment, or that he would not be able to pay over every cent found to be due from him. In fact, although frequently with him, and from our relations, entitled, if any one could be, to his confidence, he never, up to the time of the defalcation, or since, has informed me of the causes which led to, or produced it.

I have seen Breslin twice since he left Ohio—once at Windsor, and once at Hamilton; my object in going being to visit him as a personal friend. I did not ask him anything as to his financial troubles, neither did he tell me anything We conversed in relation to his difficulties generally, but not as to the extent or manner of the defalcation; nor as to any means he had in his possession or control.

I did not advise him to go to Canada. On the contrary, when I last

saw him here at Columbus, during the sitting of the grand jury which indicted him, I told him, were I in his place, I should remain here and make such defense as was in my power. At the time I parted with him, I had no idea of his intention of going away.

I do not know, from Breslin, nor from any other source than through the public prints and channels, of the extent or character of the defalcation; nor by what means it was produced; nor in whose hands, at this or any other time, any portion of the moneys abstracted, are held, or how lost.

I was not a party to the proposition to the Legislature for a compromise, until the day previous to the resolution being offered; and then, of course, I assisted in doing what I could to effect its passage. I had no communication with Breslin in regard to the proposition, nor do I know whether it originated with him or other parties.

I know nothing of Gibson's conduct or transactions while Treasurer, and never had any conversation with him upon his business or financial matters, and am entirely ignorant of them.

Such was Breslin's peculiar character for secretiveness, that during political campaigns in Ohio, I have ridden with him for days together, slept with him, and talked with him in the most free and confidential manner; yet in no conversation did he ever allude to his official matters, or ever create in me the least suspicion that he was embarrassed, or in any difficulty, or in any other position than that of a man confident of his entire freedom from the cares and risks of an improper discharge of official duty. It was from interviews of this character, that I became satisfied he must be in no danger of loss, or fear of public exposure or condemnation.

F. W. GREEN.

Testimony of E. T. Stickney, taken before the Commission at Columbus, December 30, 1858.

E. T. Stickney, after being duly sworn, deposeth and says:

I reside in Seneca county, and was one of the sureties of John G. Breslin, Treasurer of State, on his bond for both terms. Mr. Breslin

was worth, at the time of his first election, in my opinion, about three thousand dollars. My inducements to become Mr. Breslin's security, arose from my long acquaintance and friendship for him, and not from any pecuniary reasons. I did not, during the first or second term of office of Mr. Breslin, have any reason to suspect, neither did I suspect, he was using the public funds in any other than a legal way, or that I was in any danger of becoming liable upon the bonds. My first intimation that anything was wrong, was when the defalcation became publicly known, during the term of office of Mr. Gibson. I never had any conversation with Mr. Breslin before the defalcation became known, in relation to the management of the business of his office, and knew nothing of it. I never knew of his loaning a dollar of public money to any one, or of his making any investments anywhere. Soon after the defalcation became known, and he had left for Canada, I had some conversation with him at Windsor, where I visited him. He stated that there must be some mistake in the amount of the defalcation as published, and that if there was any amount due from him, he could make it good. He said, if there was anything upon the books showing him to be a defaulter when they were fully examined, he could pay it in full.

At a conversation I had with him in Columbus, a short time before he left for Canada, he proposed to me, to turn out to me and Mr. Borland whatever he had, to secure his bail; but subsequently declined, upon the ground that if he did turn out anything, it would be immediately seized as his property, and the bail would still be holden for the full amount of the bond. He called his assets his "traps and remnants," but never exhibited them, or stated in what they consisted; neither did I, nor do I, know anything of their nature.

At our first interview in Canada, as above stated, I could not obtain from him anything definite as to his affairs; and although I urged him as one of his sureties likely to suffer, he refused to make any disclosures, simply saying his bail was in no danger, and affirming he never would do anything as long as he was prosecuted criminally, and that he never would return to Ohio to be imprisoned.

In May last, I again went to see him at Hamilton. My object was to ascertain if, in the event of the Legislature hereafter favorably considering the proposition of the sureties for a compromise, he would do as he had previously stated or written he would; which was, that he should be

allowed to return to Ohio, and remain here unmolested for five years, and that he would then secure to the State the sum of $250,000. On the payment of the first $100,000, the bail were to be released; and on the payment of the balance, or its security to the State, he was to be released from criminal and civil suit. He stated he would like to think of the matter, but I inferred from his conversation, that he was yet willing to abide by the proposition. I could not ascertain from him in what his means consisted, as he persistently refused to make any disclosures; and I am to-day entirely ignorant of his means or assets, except it be that I have been informed he has 800 acres of land in Illinois, purchased by Mr. M. L. Sullivant; and a note of $100 against the former editor of the Ohio State Journal, Mr. Schouler; and his house and lot in Tiffin. Neither during this interview, nor during any previous one, did I ever ascertain from him, or from any other source, the causes of this defalcation, nor who was in fact responsible for it; nor do I know who has received the money. I know nothing of the connection between Breslin and Gibson, nor of any arrangements between them, other than such information as has been furnished through the several investigations, and the public prints accessible to all.

In the summer of 1857, after the defalcation, Mr. Breslin said to me that he was first apprised of it when on his return from Kansas and Nebraska, by seeing a statement of it in the newspapers. He stated also, that he could not tell whether Gibson's published statements of the defalcation were correct or not, without referring to the books.

Mr. Breslin had $500 stock in the Clinton Line Extension Railroad. My impression is, that about $200 was paid up. Mr. Gibson had some stock, also, in the same road; and at one of the meetings of the stockholders, I had a proxy from Gibson to vote on his stock, but I could not do so because the stock was not paid up. I think it was 20 shares—$1,000. By a recent arrangement between the Clinton Line Extension and the Tiffin and Fort Wayne Railroad, the latter is to build the road from Tiffin to New London, taking the unpaid subscription to the capital stock, and the first and second mortgages. The amount per mile I do not know. This contract was made last fall, I think in October.

I have known Mr. Gibson for twenty years at least. I do not know the extent and character of his means, at the time Mr. Breslin was elected

Treasurer. I do not know of his having any real estate, except in his father's farm. He was not reputed to be rich.

During the construction of the State House, Mr. Gibson, as Treasurer, made some advances to contractors, and those furnishing materials, without the warrant of the Auditor of State, but upon the certificate of their correctness by the State House Commissioners and Architect. Gibson inquired of me as to their correctness, and received from me an affirmative answer. These advances were to Lennox and Platt, as stated in the public reports. I know of no other advances by Gibson to contractors, nor of anything due to him or claimed by him for such advances.

I do not know of any investments of Gibson, nor of any use by him of the public money; nor do I know by what means, or through what channels, any of the public money, by any Treasurer, became diverted from its proper uses.

E. T. STICKNEY.

Testimony of J. W. Miller, of Tiffin, Ohio, taken before Chas. Reemelin, Commissioner, December 8, 1858.

J. W. Miller, on being duly sworn, deposeth and says:

About ten days after the defalcation was made public, being one of Mr. Breslin's bail, I concluded to come and see Mr. Breslin upon the subject, and when I arrived here, I met him on the sidewalk, and after the usual salutations, he said: "I suppose you want to see me." I told him that was my business here. He then asked me, whether I had any business up in the city. I replied, that I had not. He then remarked, that he was going to Cleveland, and that if I wanted to see him, I had better get into the cars and go with him. I told him I would do so. After we got into the cars, he told me that he was going to Canada, by the advice of his counsel, who told him he had better be absent a few days until the excitement was allayed. Then he stated that he had not determined whether to go to Sandusky or Cleveland to take a boat, and asked my advice about it. I told him, as it was the nearest way home for me, to go to Sandusky, and there take the "Bay State," which would leave that evening. He then said he would do so, and that we could have a few hours at Shelby to talk over matters.

After we arrived at Shelby, I told him that I wanted to talk to him, and that we had better take a walk together. We did so. After we got along a few yards, I told him: "I am a poor man, and if this defalcation has to be paid by the bail, it will take all I have." He remarked: "You need not be alarmed. You shall not suffer. I am not going to do any thing but what I can look like an honest man." He then talked about the matter some, but not freely. I asked him the question, whether Gibson was the defaulter, and whether Gibson had any of the money. He then remarked: "If there is any defaulter, I am the man." He also said, "that he had to carry a weight of Bliss on his shoulders too heavy for him to carry." He further remarked: "If they will let me alone, and do not harrass me by this criminal prosecution, and otherwise tie up my hands, I will make it all straight." I told him he ought to indemnify me, when he replied that he had not the means to do so. I have not seen him since, nor have I corresponded with him. We arrived at Sandusky that evening, where Breslin took the boat I named to him, and I returned to Tiffin by railroad.

Breslin never communicated to me, where any of the public or his private money was or is; in fact, we had no business communications together, except as above stated.

In all conversations, Breslin always laid great stress upon the word, *if* any defalcation has been committed; and always would reiterate, that unless tied up by criminal prosecution, and banished from the State, he would make it all right.

At the time of his departure, he expected to return in a few days—at least, he said so.

I know of no investments by Breslin, except a house and lot in Tiffin.

I am Breslin's and Gibson's brother-in law—we three having married sisters.

Mr. Gibson never informed me of any investments he made. I know he has some property in our county, and he has spoken of some property in the west. I do not know whether he laid out his own money west, or that sent by him by other parties for investment. I am also Gibson's bail. I am on the bond of Breslin for his second term, and signed it some five or six, or even seven months after the commencement of his second term. I have heard it said, that the great difficulty the State would labor under in collecting from the respective bail the amount miss-

ing from the Treasury, lay in the impossibility of it being proven when the defalcation actually was perpetrated. I cannot say that I ever heard this from Breslin or Gibson.

I know of nothing further that would throw any light on your investigation, and am ready now and at all times to answer all proper inquiries.

J. W. MILLER.

Testimony of R. G. Pennington, of Tiffin, Ohio, taken before the Commission, December 10, 1858.

R G. Pennington, after being duly sworn, deposeth and says:

I am one of the bail for Gibson's appearance before the Court of Common Pleas in this city. I have resided at Tiffin since 1840, and have been acquainted with W. H. Gibson nearly twenty years. He read law with myself and Mr. Rawson. I was one of the original stock holders of the Seneca County Bank, and ceased to be such a few years after its organization. I am president of the Tiffin and Fort Wayne Railroad, and have been since Gibson's resignation.

Gibson gave me collateral security for going his bail, which I hold for myself and others who are on the bail bond with me. He conveyed all the real estate he possesses in Seneca county, and lands in Wisconsin and Iowa; also, some notes on parties connected with him, amounting to about $7,000; and also, his Tiffin and Fort Wayne Railroad first mortgage bonds, there being twenty-nine of them. I will send a list, and make it a part of my testimony.

I participated in the original organization of the Seneca County Bank, and acted as attorney for the parties in drafting papers, and also as temporary cashier. Mr. Chittenden became my successor as cashier. Samuel Waggoner brought Chittenden to our place. He was understood to be a friend of Bliss, former Treasurer of State, and an old acquaintance. He was also intimate with A. H. Mann, cashier of the Canal Bank of Cleveland. He was also well acquainted with J. T. Severance. There were two rival parties organizing banks at Tiffin, and our side succeeded, by the decision of the Board of State Officers, in our favor. I do not know where Chittenden got the money for his

stock. Waggoner brought $17,000 in gold from the east. He told me that he made arrangements for it at Penn Yan. This gold was for the specie deposit, and which I took to Sandusky, and made a deposit with the old Sandusky Bank. Their certificate I took to Columbus, and there it was paid to Mr. Moodie, who was to provide the necessary State stocks as a basis for circulation. Mr. Chittenden was at Columbus, and after I had handed the certificate of deposit over, I left the bank, and Mr. Chittenden thenceforth was the cashier. It was understood that Mr. Moodie was to help in getting up the bonds, as stated. I continued as director until 1849, and retired because the proceedings going on did not suit me. I especially objected to the Alabama Steamboat loan. I never knew that Bliss was a stockholder, nor that he was a large depositor. I have understood that the bank owed Bliss a large sum of money, but do not know the particulars, nor the amount.

The Tiffin and Fort Wayne Railroad Company was organized on the 2d of November, 1853. W. H. Gibson, Josiah Hedges, A. C. Baldwin, Joseph Walker, R. G. Pennington, W. D. Scott, W. C. Hedges, George Knupp, H. Ebbert, J. D. Loomis, and J. W. Wilson, were the corporators. The authorized capital stock was $2,500,000. The whole amount of stock taken was $188,488.03. The amount of bonds issued is about $320,000. The whole issue under the first mortgage is $1,200,000. $300,000 of the amount issued have gone to the contractor firm, divided into ten shares, to-wit: Wm. M. Redfield, 1½ shares; W. H. Gibson, 2 shares; C. L. Johnson, 1 share; John Gardiner, 1 share; J. Walker, 1 share; Rayner & Lathrop, New York, 1 share; Elisha Colt, Hartford, Conn., ½ share, Th. Baker, 1 share; and W. C. Hedges, 1 share. Each share was $25,000. Johnson and Gibson paid $20,000 on each of their shares, or together $60,000, and they have received stock and first mortgage bonds. According to the contract, they were entitled to stock for their shares, and their profits in the second mortgage bonds; but the contract was changed, and for each $10,000 contributed they received $15,000 of first mortgage bonds, besides an amount of stock equal to one half the amount paid in by them. Johnson has $30,000 of bonds, and $10,000 in stock; and Gibson has $60,000 of bonds, and $20,000 in stock, under this contract as amended. The money as furnished by the contractors was paid out on estimates. I do not know where any of the parties got their money. I have stated before the grand jury, and

I can state here, that it was my belief that Breslin really had one of the shares held by Gibson. One of my main reasons for believing so, was a remark by Gibson that he had a party east helping him. John G. Breslin is a stockholder for $1,000, as subscribed by him. W. H. Gibson has $10,000. The following is a statement of the payments made by them on their stock:

STATEMENT of payments made by William H. Gibson on his subscription of 200 shares ($10,000) to the capital stock of the Tiffin and Fort Wayne Railroad Company:

January	20, 1855,	cash	$3,200
March	6, "	"	600
June	19, "	"	1,500
Sept.	13, "	"	550
Dec.	17, "	"	1,000
April	8, 1856,	"	3,150
			$10,000

STATEMENT of payments made by John G. Breslin on his subscription of 20 shares (1,000) to the capital stock of the Tiffin and Fort Wayne Railroad Company:

April	25, 1854,	cash	$100
July	5, "	"	900
			$1,000

C. L. Johnson subscribed only $500, which is paid.

These subscriptions and payments are in addition to their shares in the Redfield contract. Some of Gibson's payment on his stock is for services as President—say about $4,000.

The following is a statement of the condition of the railroad company, taken from the books, and furnished me by the secretary of the company:

General exhibit of the Assets and Liabilities of the Tiffin and Fort Wayne Railroad Company, June 4th, 1858.

ASSETS.

CONSTRUCTION—Road bed, as per Engineer's estimate	$573,019	36
Superstructure, cross ties, &c	36,081	24
Iron rails, of Wood, Morrell & Co., laid down	8,438	41
Railroad spike, used in laying track and now on hand	3,091	55
Railroad chairs, " " " "	424	14
Bridging	3,074	96

Fencing		$16,565 85
Right of way, including amount paid Toledo, Wabash & Western Railroad Gompany		43,122 37
Engineering, &c		13,536 63
Salaries, amount paid and balance due president and secretary		16,727 38
Interest—amount paid on notes, &c		3,773 83
Stock interest—amount paid stockholders on certificates		4,528 53
Expenses—office and incidental		4,091 50
Taxes		491 96
Discount on first mortgage bonds		4,117 50
		$731,085 21
Equipment—seven platform cars, cost including discount on 3 first mortgage bonds		5,110 27
Depot grounds		8,676 00
Real estate—exclusive of depot grounds		6,760 84
Road tools—tools for track laying, horse power, &c		336 59
Bills receivable—sundry notes uncollected		5,488 51
M. R. & L. E. R. R. Co—amount due from Mad River & Lake Erie R. R. Co., on account		500 00
William H. Gibson—balance due on unsettled account		35 59
Fort Wayne Western R. R. Co—amount due on account		60 95
Suspense account		25 00
P. Ferguson—balance due on account		3 71
		$758,082 67

LIABILITIES.

CAPITAL STOCK		$188,480 83
Scrip stock—scrip issued for fractional parts of interest, &c		213 54
First mortgage bonds—16 first mortgage bonds sold for cash and used in purchase of cars and iron		16,000 00
Bills payable—notes outstanding		4,896 01
Orders—sundry orders on treasurer outstanding		348 73
Rent account—balance of receipts on account of rent		129 49
Salaries—balance due on account of salaries payable in bonds	$2,000 00	
Balance due on account of salaries payable in cash, January 1st, 1858	1,354 70	3,354 70
Wm. M. Redfield, contractor—amount due under contract, payable in bonds and stock		541,222 07

A. S. Sanford & Co—balance due on account of stationery, &c.		$3 00
J. B. Green & Bro., " " spike, payable in bonds	$849 72	
Geo. Baker & Co—balance due on account of R. R. chairs, payable in bonds	184 45	1,034 17
Wood, Morrell & Co—balance due on account of R. R. iron, payable in cash		1,343 50
Barney & Cowdrey—balance due on account of R. R. tools, payable in cash		1 50
Chas. L. Johnson & Co—balance due on account		55 13
Obligations for 2d Mortgage bonds		1,000 00
		$758,082 67

H. S. Rumfield is the secretary.

Under the contract between the railroad company and Wm. M. Redfield alone, but in which the above named parties are partners, it is stipulated that the contractors shall receive $24,000 per mile, or about $2,500,000; which, according to the amended contract, is to be paid in $1,200,000 of first, and $1,000,000 of second mortgage bonds, and the balance in stock. The road is principally graded between Tiffin and Fort Wayne, and in readiness for the iron rails. There are propositions pending to finish the road, which will probably be accepted and carried out.

I was a party to a compromise proposition before the Governor and General Assembly last winter. I came to Columbus to aid in its passage at the instance of the securities of Breslin and Gibson.

I drew up the papers, and will send you copies of them. I had an interview with Ex-Governor Ford, and a short conference with Governor Chase, and also interviews with members of the General Assembly. I came to Columbus during the early part of the session last winter, to see what could be done. Mr. Stickney, one of the bail, was here with me. This was done at the request of the securities. I was told by Stickney, that he thought $250,000 could be raised in money and securities, if the bail thereby could be released. After awhile I ascertained that there had been an overissue in the Canal Bank of Cleveland and the Seneca County Bank; and believing that these circumstances would injure the prospects of any compromise proposition, I determined for the present to abandon any further action in the matter; but I was sub-

sequently induced to return and make an effort. This was during the last week of the General Assembly. Governor Chase said, that as Breslin and Gibson stood refusing to explain, he could not feel it to be his duty to take any steps tending to release them; but as to innocent parties, such as the bail, he would be glad to see something done to relieve them. Similar views were expressed by many members of the General Assembly—in fact by all I talked with. I expressed myself to Governor Chase, as my opinion, and I now repeat it, that of the amount of the bail bond on Breslin's and Gibson's bonds, not more than $100,000 could be collected from the securities, if executions were now in the sheriff's hands. Legal difficulties have also been suggested, as to the validity of the bonds, and doubts were freely expressed, whether the State could obtain judgment at all upon either of the bonds, on account of the legal questions that would arise in the prosecution of the cases.

I know of no understanding with Gov. Ford, nor any one else, that money, or other undue influences, were to be used to secure the adoption of said proposition by the General Assembly. There was no agreement to pay me any for any services that I might render, nor have I received any, except a very small amount to cover expenses. I never expressed myself to Governor Ford, about Gibson having made secret opposition to the compromise proposition; but I did say that Messrs. Bartlit & Smith were really opponents to the measure, and that they were enemies of Gibson. I was satisfied, from what others told me, as to the course they were taking, that they had some interest in keeping Breslin in Canada, and to protract the period of any settlement which would lead to a repayment, of the money involved, to the State, or of any part of it

I know of no investments by Breslin or Gibson except as above stated, nor can I now recall any facts, not already stated, which would be likely to afford you any information in aid of your investigations. I have stated all I know in the premises, without reserve or concealment. I have no letters or other evidence of writing, likely to throw any light upon the several subjects and persons herein referred to, which I have not exhibited.

R. G. PENNINGTON.

Testimony of Wm. C. Hedges, of Tiffin, Ohio, taken before the Commission, December 13, 1858.

Wm. C. Hedges, after being duly sworn, deposeth and says:

I am one of the securities of John G. Breslin, late Treasurer of State, on the second term. I am one of the firm of the banking house of W. C. Hedges & Co., that used to exist in Tiffin. I was one of the persons whom Wm. M. Redfield associated with himself in the Tiffin and Fort Wayne Railroad contract for building said railroad. I never was a stockholder in the Seneca County Bank. I was one of the signers to a petition to the Governor, out of which grew the compromise proposition before the General Assembly last winter.

The amount of the bond for Breslin is $250,000. I signed the bond at the request of Wm. H. Gibson. Mr Breslin and myself never had any conversation about the matter. Mr. Gibson, on presenting the bond, said, it might be of some benefit to our office, he being then a partner in our firm I supposed the benefit to consist in our receiving deposits from Breslin, but we never received any. The only favor ever extended to us, was that Breslin would hold some of our certificates of deposit, which we had given to our county treasurer for deposits made with us. We paid Breslin interest on these certificates, the same as we paid on all other certificates. We paid the county treasurer interest on his deposits, the same as to every other depositor. Breslin got the interest on the certificate from the time it was issued to our county treasurer in March, and would hold it until he needed the money in July. There is nothing due to the State, nor to Breslin, or Gibson, from our firm.

W. H Gibson deposited once with us $2,000, on the 20th day of April, 1856 for which we issued him our certificate, and he held it till the 3d of November, 1856, when we paid him the interest on it, and issued a new certificate for the same amount. On the 10th day of March, 1856, a certificate of deposit was issued to one of our firm, A. C. Baldwin, for $3,000, which we gave him for his note; and this certificate W. H. Gibson cashed for Mr. Baldwin by previous understanding. That money was for the use of the house of A. C. Baldwin & Co., and not for our firm, W. C. Hedges & Co. This certificate Gibson held till November 3, 1856, when it was returned, and a new certificate issued in the name of A. C Baldwin for the same amount, and handed to Gibson We paid no interest on this certificate, nor did Baldwin, to our knowledge. It was

a matter for his accommodation, and we made no inquiry about it. Both of these certificates were held by Gibson until June 15, 1857, when they were presented for payment. We gave him a draft on Atwood & Co., in New York, at 60 days for $2,583, which was indorsed on the $3,000 certificate, and you are here shown the certificate, and the receipt of Gibson on it for this amount. The certificate was for the balance due, transferred to C. L. Johnson, and we paid the balance to C. L. Johnson, on the 25th of June, 1857. The $2,000 certificate was also paid to C. L. Johnson on the same day, it having been assigned to him, as the assignment on this and the other certificate shows. I do not think that any interest was paid on these certificates after November 3, 1856. They bear no interest on their face. We published the rates of interest we paid in the papers, and treated all alike. This constitutes all the transactions we ever had with Gibson, of every nature and description. The three certificates amounting to $15,000, reported in Gibson's possession in December 15, 1856, I cannot explain, unless two certificates issued by us to C. L. Johnson, on the 6th of December, 1856, were in the hands of Gibson, and with the two certificates above described made up the $15,000. The two certificates for $5,000 each were issued to C. L. Johnson in lieu of Seneca County Bank certificates for the same amount. On the 1st of November, 1856, C. L. Johnson came to us, and asked us to check upon his bank for $10,000, and that he would give us his certificate for it This was done for the reason, as assigned to us, to enable Johnson to make a better showing in his quarterly report, as it swelled his certificate account, and also his account due from banks and bankers. That check was charged to us in our account, and on the 4th of November we returned the certificate indorsed in blank, and were duly credited on our pass book. The two $5,000 certificates issued to Johnson as above, were again exchanged, we receiving our certificate, and they theirs. This latter transaction was done at our request, to enable us to use the same as collateral security to borrow money on it. On the 11th day of March, 1857, a certificate dated February 28, 1857, for $5,000, was issued to C. L. Johnson, cashier, in payment of a note we owed him which fell due on the 28th of February. This certificate they held till the 2d day of May, 1857, when it was paid. I do not think that that certificate was ever passed out of the hands of the Seneca County Bank.

We heard of trouble in the Treasury only about a week before it was

made public. Gibson then mentioned it to me at Tiffin, but did not explain the nature of the trouble, except that there was no money in the Treasury. He did not try to borrow money of me. He did not say any thing about any difficuly at the Seneca County Bank. When I paid him the draft on the 15th of June, I did not know that he had resigned. I did not particularly reflect, whether the money I paid Johnson afterwards on the certificates as above explained, was State money or not. I have had no conversation with either Breslin or Gibson about the defalcation beyond what I have already stated. I never received from Breslin any Farmers' and Merchants' Bank money of Memphis, nor of that of the Mechanics' Bank of the same place. We had a small amount of this money from the presidents of each of these banks, Doctor Fowlkes and Judge King, and we paid them in New York exchange. The money we paid out to our customers as other money.

My share in the Redfield contract with the Tiffin & Fort Wayne Railroad is $20,000. Gibson holds two $20,000 shares, one of which he claims to belong to him, and the other he represented, at the time the contract was made, as belonging to some eastern man. I have thought it possible that the money for both shares came from the State Treasury.

As to the compromise proposition before the General Assembly last winter, my connection with it, and knowledge of it, extends to this and no farther. General Stickney had been to Columbus, at the request of Gibson, to effect a compromise, and had partially failed. Then my cousin in Mansfield suggested to us Ford, who had intimated to him that he could effect a compromise. My cousin came to Tiffin to see what was best to be done. We thought that Ford had better be engaged, if Gibson and Breslin wished it. Ford then came to Tiffin and had an interview with Gibson, and it was agreed and understood, that they should meet at Columbus, and there to proceed to use their influence to have the compromise effected. Ford had an interview with me, and I advised him to take hold, and do his best to effect a compromise, provided they—Gibson and Breslin—would secure him what would be a reasonable fee, and to have all that secured and understood before he took any definite steps. I never paid anything towards this, nor never agreed to pay him anything. I understood from Ford and my cousin Charles, that they believed that Gibson and his friends defeated the proposition themselves, and that they were acting treacherous to Breslin. It was suggested that

Ford should go to see Breslin, to satisfy himself whether he (Breslin) really wanted the compromise carried or not, and what further steps had better be taken. I do not know who paid Ford's expenses to do that. I did not. Ford did go, and I saw him after he came back. He told me Breslin received him gladly, but that Gibson and Johnson had been there ahead of him, and that they had forestalled him in any representations he might make, and that Breslin would not open his mind to him.

I have not, neither alone, nor with others, taken any steps to secure ourselves against loss, as Breslin's security Some of us have consulted an Attorney about our liability on the bond, and I have been told that it was deficient in not being filed, until some ten months after it should have been, and that the words "fifty thousand dollars," were filled in afterwards. I have heard it suggested, that Breslin's defalcation must have occurred before our bond was filed, and I think Gibson is the person who suggested that, and I think he said he had the means to show that such was the fact.

I know of no investments, or property of any kind, of either Breslin's or Gibson's, except that Gibson owns a homestead, and Breslin has a house and lot in Tiffin; nor do I know any further facts, except as stated; nor have I any other written evidence, except as shown; nor can I throw any light upon the subject of your investigation, except as already given to you, unless the facts connected with the $5,000 draft, now in the hands of the Attorney General for collection, will do so. On the 11th March, 1857, we got a 90 day draft on New York discounted at the Seneca County Bank. When the draft was about maturing, the bank ordered it back, and on the 15th day of June, 1857, we gave a new draft payable in 60 days; and before it matured, at the request of Johnson, we placed funds with Johnson to have it paid, which he promised to do, and to not let it go to protest. In some way this draft got into the hands of Gibson, and was by him placed with the Trust Company, and from it, got to the State Treasury, and the Attorney General is trying to collect it from us. After we found it had been protested, we demanded our money back from the bank, and have received at different times about $3,200, the other being yet in their hands. We were not privy to the assignment of the draft to Gibson.

Our bank pass book with the Seneca County Bank is hereby shown to you, and you can see that our deposits never were for large amounts,—

the only large transaction being the $10,000 above explained, and it is the only transaction which is not of a bona fide business character. If any large deposits, or other transactions, beyond what I have here shown and explained, are on the Seneca County Bank books, they are false entries, and we know nothing of them. The pass book with the new bank is also exhibited to you. It is not balanced, nor settled up, on account of the protested $5,000 draft, and the payments thereon, as previously explained.

WILLIAM C. HEDGES.

Testimony of John T. Huss, of Tiffin, taken before Charles Reemelin, Commissioner, December 8, 1858.

John T. Huss, after being duly sworn, deposeth and says:

I was Clerk of the Seneca County Bank at Tiffin, during the greater portion of the time that Sylvanus Arnold was its Cashier. I discharged the duties of a paying and receiving teller during most of the time, and acted also as book keeper.

I am now, and have been acquainted with W. H. Gibson, late Treasurer of State; also, with John G Breslin. I have been acquainted with their pecuniary circumstances, and our firm, Toomb, Huss & Co., have had money dealings, and various transactions with them.

My connection with the Seneca County Bank ceased in April, 1853, when I became a general Clerk in the office of Arnold & Toomb, the firm consisting of S. Arnold & B. Toomb. I became a partner in the above firm in May, 1855. S. Arnold retired in the winter of 1857—he went from here to Iowa, and settled on a farm. The name of the firm was changed to Toomb, Huss & Co., when I became partner, and under that name it exists to this day. The partners now, are B. Toomb, J T. Huss, George R. Huss, J. Gillig and A. G. Sneath.

I was but little acquainted with the affairs of the Seneca County Bank before I became teller; and I did not examine the old books, except as business called for it. The ledger and journal, and books generally in use during my time, were not the books in use during Mr. Chittenden's term.

There was not, to my knowledge, any indebtedness, nor any open account between the bank and Mr. Bliss, while I was its officer. I never heard Mr. Arnold, nor any director, speak of making up money to pay Bliss, that I recollect of. I recollect of no payment of money to Bliss during my time.

The State Stock account, exhibiting the stocks deposited by our bank with the Treasurer of State, for the protection of our circulation, was, so far as I knew, entirely correct during the time I officiated as Clerk; and no overissue existed to my knowledge; nor did I even hear such a thing whispered. In our deliveries of circulation to the State Treasurer, and the burnings subsequent, the amount so delivered and burned, was always correctly put down, but no detailed account made up as to the administration under which the respective circulation was issued.

No person came, to my knowledge, to Columbus in 1852, when Mr. Bliss went out of office and when Mr. Breslin came in, to see that our State Stock and Circulation accounts were all right, and that all our stocks were actually there. During Mr. Breslin's first term of office, I wrote to the State Treasury for a statement of the stocks deposited with the Treasurer, and received one from Mr. Breslin, in the handwriting of Mr. Hume. The same statement contained the Circulation account. I compared it with our own books, and found it to agree with them. This statement is now in the hands of Mr. Claypoole. It contains a full and detailed account of the circulation, and the State Stocks, and their kind, since the organization of the bank up to the time this statement was made out. There were no bonds deposited afterwards by the bank, so far as I know, at least none previous to the sale of the bank to Gibson.

Mr. Breslin kept no running account at the bank. He usually received certificates of deposit for all money deposited with the bank. Some of the money came directly from Breslin, and some of the certificates came to him from the county treasurers, who kept an account with the bank. The amount of certificates of deposit held by Breslin, would vary in amount, and would sometimes be as high as $20,000. About the time the State interest had to be paid, these certificates would be run down to a small amount. Breslin always had some money with us. Breslin received the same interest as other parties, though I do not now remember any particular instance in which it was paid to him. We would often sell him exchange for these certificates, and sell him ex-

change besides. Breslin never got any loan from the bank to my knowledge, neither direct or indirect. We sold him time bills, which was an accommodation to us, but never advanced exchange to him, except we had been paid by him or received back a previously issued certificate of deposit. All our transactions with Breslin were of a regular business character. We never paid over any money for Breslin to C. L. Johnson, or W. H. Gibson, or to the Tiffin and Fort Wayne Railroad Company.

The same relation that existed with the Seneca County Bank through Breslin was continued with Arnold and Toomb, and afterwards Toomb, Huss & Co., only the transactions were less in amount; and this existed at the time he went out of office. The rate of interest paid for deposits by the bank and our firm were the same.

Breslin never was a stockholder in the Seneca County Bank, as far as I know; nor was Bliss. I never heard of either of them being stockholders; and the foregoing contains all the knowledge I have of their relation to the bank.

C. L. Johnson had no intimate business relations of any kind with the Seneca County Bank, or with our firm. He used to buy exchange of both, as he needed it for his business. There was a time when he did not even do that, and when he acted hostile to the bank and our firm. He returned the circulation of the bank in a hostile manner. About the time that Gibson purchased the Seneca County Bank charter, C. L. Johnson was permitted to use our vault for the purpose of depositing packages—the contents of which I did not know, but supposed them to contain money. The purchase of the charter and bank, was a transaction between Gibson and Arnold & Toomb; the latter being the owners of the bank. I was not then familiar with the terms, but have learned them since. Arnold & Toomb sold simply the franchise for $10,000—the stocks and circulation being left to take care of each other, and going with the franchise. The $10,000 included premium on stocks, and a supposed loss of circulation. The old stockholders had been settled with by an arrangement with Arnold & Toomb some time previous. Neither myself, nor Arnold & Toomb, knew that Johnson was with Gibson in the purchase of the Seneca County Bank, until the purchase had been consummated. The use of our vault by Johnson, as stated, existed for some time previous. I knew of Johnson's connection with the Elkhart County Bank, but no particulars. I knew Johnson to be its

cashier, Mr. Kennedy to be its vice-president, and J. G. Camp, its president. I did not know anything of Breslin's connection with it, nor that of Gibson. The $10,000 agreed to be paid for the Seneca charter, were not paid until a year or so afterwards, and were then paid by the Seneca County Bank. I do not know that Breslin was connected with Gibson and Johnson in this purchase, nor in that of any other bank. There were rumors to that effect abroad, and I rather suspected them to be correct, from the intimacy that existed between these parties The only change that took place in the relations of our firm to Breslin was, that Breslin ceased to deposit money directly with us, and his dealings were continued with us, as they arose from deposits of county treasurers whose deposits we generally had.

The circulation of the Seneca County Bank was, from April, 1853, until the purchase above, protected by Arnold & Toomb, who would receive it, and pay it out as other currency. No actual redemptions took place—that is to say, no circulation redeemed was cancelled, except about $20,000 in the spring and summer of 1853 When redeemed by Arnold & Toomb, it was paid out again as other money. Mutilated notes would be returned to the State Treasury, and State stocks were received for them. No new notes were issued during that time.

Neither Mr. Breslin nor Gibson were men of means at the time the above purchase was made. Mr. Breslin was rather poor when he was elected treasurer. Gibson may have been worth not to exceed $5,000, and he was not worth much more when he became treasurer. Gibson was president of the Tiffin and Fort Wayne Railroad Company, and I do not know from what sources Mr. Gibson paid any investments he has in that road. I knew but little of Mr. C. L. Johnson's means, nor am I familiar with them now. I should think it rather strange to learn of his having invested more than $20,000 anywhere. The only present investments of C. L. Johnson I now know of, are, his claim on the corner of Third and Main streets, in Cincinnati, some saw-mills at Onalaska, Wisconsin, and sundry lots and parcels of land in and about Tiffin.

I do not now know, nor have I ever known, of any investments of Gibson. I have heard, that when he went West in 1857, that he invested in western lands. To all appearances, Mr Gibson is at this time, so far as money is concerned, quite poor. I know of no investments of

Breslin's except a house and lot in Tiffin, which he still owns, worth, perhaps, $3,000.

I am not familiar with the affairs of the Tiffin and Fort Wayne Railroad Company. I know nothing positive of investments which Johnson, Breslin or Gibson may have in that road. It is the common talk in our city, that any money these men may have in this road, came from the State Treasury, and I have formed no definite opinion about it.

Our firm, Toomb, Huss & Co., did not use the Seneca County Bank as a depository, and we had no accounts together, except ordinary business transactions, such as settlements of daily balances; and sometimes we owed them, and sometimes they owed us. We certainly made no deposits in that bank amounting to $50,000 in 1855, nor during any other year. We deposited no $25,000 on the 16th of February, 1856; nor $11,000 in April, 1857; nor $25,000 on the 30th June, 1857; nor have I the most distant idea how such amounts could get upon the books of the Seneca County Bank as coming from us. We never deposited for Breslin or Gibson in the Seneca County Bank; nor were our names, or that of the firm, ever used with our knowledge and consent, for a cover to deposits, or any other transaction, in the Seneca County Bank, or anywhere else, for these men, or anybody else.

Sometime in the spring of 1856, when Gibson held our certificates of deposit for some $22,000, for money regularly deposited with us, chiefly by the county treasurer, he came to us, and said that he would need the money he had with us, and something more, but if not convenient to pay it, he had made arrangements to get our bill discounted at the Ohio Life Insurance and Trust Company for $30,000, and asked us to give him our bill for that amount, which was done. For this bill he gave us our certificates of deposit, as above, and other certificates, so as to secure us fully. He agreed to pay the bill when due, but it went to protest; but was finally paid by him. We paid the amount due to Gibson, for the certificates surrendered to us, about the time Gibson resigned in 1857—part of it afterwards. It was paid by time bills on the Metropolitan Bank in New York.

The $33,949 70, reported by Gibson as in the treasury in the shape of certificates of deposit from us, was doubtless a legitimate item, as about that time the county treasurers settle, and Gibson doubtless had the certificates of deposit issued by us to the treasurers of Seneca and

Wyandot counties, and this is the same item as that of March 28, 1856. In May or June, this amount was reduced to the sum above stated.

I cannot comprehend why Gibson should leave with us the $22,000 for a year afterward, as above, and meet our bill of $30,000 himself, unless it was, that he wanted to lull our suspicions, that there was something wrong in the State Treasury, as Toomb and myself are on his official bond When Gibson had redeemed our bill and presented it to us, we returned him the certificates of deposit he had left with us on our giving the bill, and these again we redeemed by time bills on the Metropolitan Bank in New York, as stated.

I am positive that our firm never lent to Gibson or Breslin any money, except to very limited amounts, and that we never endorsed for either or both of them; nor did we ever lend them any drafts, bills certificates, or other evidence of indebtedness either as an accommodation or otherwise, except as stated above; nor did we ever circulate any currrency for them, or for parties interested with them. We never borrowed any money of them, or either of them, except as above detailed; and we do not now owe any of them anything, either as principal or interest. We do not expect to pay them anything for any favor received from them.

I do not now remember any additional fact or facts in reference to either Breslin, Bliss or Gibson; or any transactions of theirs, either public or private, such as would be likely to throw any light upon the several matters with the investigation of which this commission stands charged. I have neither concealed anything known to me in the premises, nor have I misstated any fact; and I have no interest, remote or direct, in concealing anthing for either of these persons; and my desire is, to aid this investigation to the full extent of my power; and as bail for Gibson, I have every reason to wish that everything relating to the defalcation in the State Treasury shall be entirely laid open and exposed. I was one of the signers of a petition to the Governor, involving something like the compromise proposition before the General Assembly last winter. I have not paid anything for expenses incurred, and have not been called upon, nor spoken to upon this subject. I never heard of any person that was to attend to the compromise proposition before the Legislature. I have attended an informal meeting of Gibson's, and, perhaps, Breslin's bail, with a few other friends, soon after the defalcation became known. Nothing definite was done. I have not been sued as Gibson's bail, so

far as I know. It is my purpose to resist the collection of anything from me, as bail, until Gibson's defalcation shall be clearly demonstrated in a court of justice. Gibson has again and again asserted in my presence, that so far as he was concerned, the treasury had not been defrauded.

JOHN T. HUSS.

Additional Testimony of John T. Huss, taken at Columbus, January 7, 1859.

J. T. Huss says:

I wish to correct my previous testimony. In saying that we did not deposit $50,000 with the Seneca County Bank in 1855, I meant, that we did not deposit that amount at any one time or on any one day. Our current account in 1855, amounted, in the aggregate, to some $75,000.

The certificate of deposit for $25,000, dated Feb. 13, 1856, and indorsed by me, as now shown to me, has entirely escaped my memory. There is nothing of that kind on our books, and it must have existed merely as a cash item. If it ever was in the Treasury, it was without my knowledge or consent.

The $13,473 94, being a certificate of deposit dated Feb. 13, 1856, is deposited, as shown on its face, to the order of C. L. Johnson, by whom I am informed, that he gave us the certificate for certificates issued by Toomb, Huss & Co. to the State Treasurer, John G. Breslin, and upon which considerable interest had accrued, and that he gave this to the Treasurer for the old certificates just spoken of. The old certificates were not returned to us at the time this was issued, nor did we know that they had ever been in the Seneca County Bank. The old certificates were presented to us by Gibson, and principal and interest paid to him. The interest was between $300 and $400.

The $10,000 certificate, dated November 1, 1856, I did not then, nor do I now, recollect anything about it. It is indorsed by us, and also by Gibson, Treasurer. The first Monday of November is statement day for the Independent Banks—at least such is my recollection. We never assigned, nor otherwise transferred by us to Gibson. Our indorsement was made when we got payment for it from the bank. I do not know how Gibson got the certificate, but he must have got it after it left our hands.

JOHN T. HUSS.

Testimony of Samuel Waggoner, of Tiffin, Ohio, taken before C. Reemelin, October 4, 1858.

Samuel Waggoner, after being duly sworn, deposeth and says:

I was one of the original subscribers to the Seneca County Bank. I was also one of the directors. The original organization took place in 1847. I presume that the list of stockholders in the books is correct. We first attempted to get in under the State Bank law, but was defeated by a counter interest in Tiffin, headed by R. M. Shoemaker and others.

Chittenden was elected cashier soon after the organization took place. He came recommended by Ansel St. John, then a broker in New York city. Mr. Chittenden was originally from a town near Utica. He had been cashier or teller in Ithaca, Tompkins county, New York. He came to Tiffin, recommended as stated. He was looking for a situation as a cashier in a bank, and wanted to take an interest in it. We engaged him, and he organized the bank and kept the books. The capital stock was paid in as required by law. I paid my share in installments. I do not remember how much of my subscription I actually paid. The capital stock was all subscribed by Tiffin people and vicinity, with a few from neighboring counties. Chittenden bought of original subscribers. I do not know whether Chittenden's stock really belonged to Bliss. They were intimate together, and we had surmises, but no certain knowledge. Whatever State deposits we got, were obtained through Chittenden's influence. I never had any interview with Bliss upon this subject.

I went east with Chittenden after we got our charter arranged at Columbus, for the purpose of buying State stocks. We bought over $50,000 some time in 1847,—at least such is my recollection. We took with us funds for that purpose. I do not now recollect how much. I only remember that we had some $50,000 of stocks afterwards. Chittenden told me that he borrowed $18,000 or $20,000 of State stocks of Meodie, on condition that the same identical stocks must be returned. The circulation had been got upon them, and we supposed then that when the borrowed stocks were taken from the State Treasury, others were put in that had been purchased by Chittenden for us. I do not remember the date of this transaction, but it was in 1848.

I cannot explain why no State stocks are entered in the books, until about the time Chittenden left the Bank, if such is the fact. These matters and all book entries were intrusted to Chittenden, in whose integrity

and business management we had unlimited confidence. I do not now remember how many State stocks we did buy when we went to New York as stated; nor do I know where the State stocks were during my directorship. I supposed they were at the State Treasury. All transactions with the State Treasury were through Chittenden. I sold my stock in the Seneca County Bank to Sylvanus Arnold, who paid me what I had paid, and assumed my liabilities. I am not familiar with the details of the business of the bank, that being left entirely to Chittenden.

The losses, during Chittenden's management, were those sustained through Reid; and I learn that the greater part of them have been secured. I know nothing of any loss through Chittenden; nor do I know how any indebtedness could exist to Bliss after Chittenden left. So far as I know, Bliss had no interest in the Seneca County Bank, while I was a director; nor do I now know of any interest of his in the bank; nor do I now know that Bliss had any such interest through Chittenden.

I received $1,000 as a bonus for my labors in getting up the bank. It was paid me by Arnold.

I do not know of any interest Breslin had in the Seneca County Bank; nor do I know of any that he has now, either directly or indirectly. I do not know whether Johnson or Gibson are Breslin's representatives in the bank. I know nothing of Gibson's, Johnson's, or Breslin's business in the Seneca County Bank.

I organized the Greensborough Bank, called "Farmers' and Merchants' Bank." I subscribed the entire capital stock in my name and that of my son. The way of it was this: I mentioned to Breslin, that there was a good bank charter in Maryland, and that it could be secured. This was in New York city. Breslin told me to see B. E Smith, of Columbus, of the firm of Bartlit & Smith, as Smith, he thought, would like such a privilege. I saw Smith, and he told me to go and see the commissioners, and fix upon the day to pay in the money required by the charter. I did so, and on the day named, Smith, having met me in New York, went over with me to Greensborough, carrying with him the specie required. The latter amounted to $25,000. The second was $25,000 more. I do not know where Smith got the $25,000, nor whether it was Breslin's money. My idea was that the bank was got up to help Breslin over a temporary difficulty. Breslin had told me, that he carried for Bliss a considerable amount of claims—consisting of matters connected with the

City Bank of Cincinnati, the Canal Bank of Cleveland, and if I am not mistaken, with the Sandusky City Bank, and some notes of Deshler's, and others of Bliss' securities. Among these claims was also a debt due from Chittenden, the nature and amount of which I do not know. It was a debt Chittenden owed Bliss, and I think Breslin lost the most of this claim against Chittenden. I was one of Breslin's securities on the first bond, and he would talk to me freely as to what he had assumed for Bliss. When Chittenden failed, some one was sent to New York to settle with Chittenden, with whom Breslin had considerable dealings, in spite of my advice to the contrary; and I suppose that Breslin must have lost considerable by Chittenden. The person settling on behalf of Breslin, took all kinds of paper so as to secure for Breslin as much as possible, and he did the best he could, it being a desperate failure. This person was, if I am not misinformed, W. H. Gibson. Among other things he took, was a note for $5,000 against Hon. Robert J. Walker, for which I got $7,000 of the stock of the Chicago Land Company. It is the company in which the Ogdens are interested, and the stock is good. The company is paying dividends.

The settlement of another note for $5,000, against a Mr. Eastman, of Boston, was intrusted to my supervision. Breslin had also taken it from Chittenden, and it was in the hands of Mr. Morbury, attorney. I tried to settle it, but did not succeed. The last I heard of it, a judgment had been obtained, and execution on a house in Boston, which would secure about $1,500. This information I had from Mr. Morbury. Eastman had failed.

Chittenden went to New York after he left Tiffin. I know nothing positive of the accounts between Bliss and Chittenden, and Breslin and Chittenden, and had no connection with it except as to the notes above stated; and my advice to Breslin was, to be careful and not have too many dealings with Chittenden,—and this was in consequence of my being Breslin's surety and friend. I never talked with Chittenden about these matters.

I know nothing of the affairs of the Tiffin & Fort Wayne Railroad Company; and I do not know that Breslin and Gibson have any investments in that railroad; nor in the Clinton Extension; nor in the Southern Pacific. I know of no property, or investment of Breslin's anywhere, except as above stated. I never invested one dollar of money for Bres-

lin—have never borrowed money of Breslin; nor do I owe him anything now. He owes me an unsettled account. This unsettled account arises out of a loan of $75,000 of currency I made him, being the circulation of the Mechanics Bank of Memphis. The following is a copy of the note:

"Twelve months after date, I promise to pay Samuel Waggoner, agent of the Mechanics Bank of Memphis, Tennessee, seventy-five thousand dollars, for value received,—being in the ten dollar notes or bills of said bank, with a green protector X on each note, which said notes it is expressly agreed, shall be received in payment of any balance due on this note at maturity; and I further promise and agree to protect said seventy-five thousand dollars, until the maturity and payment of the entire amount of this note; and that I will at all times protect said circulation by keeping funds for that purpose at John Thompson's, or some other Agent in New York; but in the event I fail or neglect to protect said circulation as above, then this note or obligation shall be deemed and considered as due and payable on demand.

New York, April 11, 1855.

J. G. BRESLIN."

$5,000 have been paid and indorsed on it, and he has paid $10,000 or $12,000 besides. I do not know where the other circulation is.

I lent him this circulation, which was then current, from my knowledge, as stated to me by Breslin, that he was carrying for Bliss some unpaid claim, which he then represented at about $75,000; and it was with this view, to enable him to settle with his successor, that the transaction took place. He had $6,000 previously, of the same money, for which I have no written obligation, and which I only charged to his account. The bank has failed, and the debt is one between me and Breslin.

I know nothing further that would aid you in your investigations; nor can I now remember anything that would shed further light upon the several matters pertaining thereto.

SAMUEL WAGGONER.

The following letter was found among the Treasury Records, and as it has a bearing on the Mechanics Bank of Memphis, is inserted here, to show Breslin's intimacy in that direction:

F. &. M. Bank of Memphis,
October 20, 1852.

J. G. Breslin, Esq., *Treasurer, Columbus, Ohio:*

Dear Sir: I may have occasion to use the credit of the Ohio Savings Institute of Tiffin, with M. Watson, Esq., President, of Nashville, Tennessee. May I ask you to address him, at my request, as to the standing of that Institution. Also, address H. R. Pugh, Esq., Broker, Memphis, on the same subject.

It may be best to request them direct to write you. I will do so, and beg you to give them prompt information. It may be material to our mutual friend Waggoner.

Very truly,

J. FOWLKES, *President.*

The following letter of A. A. Bliss, to W. E. Chittenden, is here inserted, as likely to throw some light on the queries put to Mr. Waggoner at the commencement of his testimony, as to Bliss' connection with the Seneca County Bank as stockholder and furnisher of State Stocks to it:

Treasurer's Office,
Columbus, O., Nov. 22, 1847.

Dear Sir: Please find a Certificate of Deposit of the Seneca County Bank of six thousand three hundred dollars ($6,300) dated Nov. 13, 1847.

Yours, with the Certificate of Stock of $6,300, was this day received. I have returned the Stock obtained temporarily of Moodie, and the return of the Certificate I now send you, makes all straight.

Yours, truly,

A. A. BLISS, *Treasurer.*

W. E. Chittenden, *Cashier, &c.*

Testimony of Harrison Noble, taken before the Commission, January 4, 1859.

Harrison Noble, after being duly sworn, deposeth and says:

I am a resident of Tiffin, Seneca County, Ohio, and an Attorney at Law of the firm of W. P. & H. Noble. I am acquainted with John G.

Breslin and Wm. H. Gibson, former Treasurers of State. I had no business or money transactions with Mr. Breslin during the time he was Treasurer of State, and have had none subsequently. I have no knowledge of any of Mr. Breslin's transactions, while Treasurer, or since, except that I was informed by a Mr. Armstrong, formerly of Ohio, I think of Chillicothe, and now a resident of Omaha City, Nebraska, that Mr. Breslin was a large owner of property there,—the interest being in the fee simple of the town. I inquired as to the value of the property, and he replied: "I tell you it is a big interest," and upon my intimating that to be an indefinite interest, perhaps $10,000 or $20,000, his answer was, that the interest was to that extent at least. I also learned from a Mr. Rickley, formerly of Ohio, I think Columbus—a miller—that Mr. Breslin had an interest in the town of Columbus, Nebraska, but the extent of it he did not state. I saw Mr. Rickley in Omaha City. He said the Legislature had chartered a ferry at Columbus, which would increase the value of property at that point, and make a nice thing of it.

I also heard, while at Omaha City, that Breslin had an interest in a bank there, called, I think, the Nebraska Bank. On my return down the river, I passed the boat on which Mr. Breslin, and a Mr. Philip Speelman, of Tiffin, were passengers going up. Mr. Speelman has since informed me that Mr. Breslin had a quantity of gold with him, which he deposited in the safe on the boat. Mr. Speelman is now a resident of Tiffin. This was in May, 1857. I know of no other transactions of Mr. Breslin, nor of any matters connected with him, which, in any way, involves the use of money, either from the Treasury or otherwise.

I had no transactions with Mr. Gibson, involving any amount of money, during his term of office as Treasurer, nor since, nor in fact during Mr. Breslin's term of office. All the business I have had with him was legal, and involving no large amount of money. Mr. Gibson has not, through me, directly or indirectly, made any investments in lands anywhere, through land warrants or money; neither do I know of his making investments or speculations through other parties I made no investments, by land warrants or otherwise, for Mr. Charles L. Johnson, but I paid to remove some claims on real estate he owned in Wisconsin, joining the town of Onalaska, La Crosse county, $3,395. The property was a saw-mill. I paid, Sept. 25, 1857, to C. M. Nichols, $2,194.72. I paid to him on contract for logs, $605.28. I paid to a man who built a

house, $290; for repairing mill, $110; his agent, Mr. Wilson, $250; insurance on mill, $45. $2,200 of this payment has never been paid to me, and is yet due. I have made no investments in lands for Mr. Johnson.

I possess no information which would tend, in any manner, to disclose through what means, or by whom, the defalcation in the Treasury exists. A short time after the defalcation in the Treasury was known, Johnson, being one of the bail, and fearing an attachment, on the part of the State, to certain assets he had in the bank, withdrew them, and deposited them with my brother, W. P. Noble, or with the firm. This was done by Johnson, as he stated, to enable him, in case of suit by the State, to use his means in the payment of his creditors—principally depositors in the bank. The assets were notes, mortgages, &c., but the amount I never knew. They remained with us probably eight months. I think Johnson has them now. Gibson also deposited in our safe a large package, which he said contained all he was worth, and which was given to him when requested, for his use,—our safe being used only as a place of safe-keeping. I never knew anything of its contents. Gibson's papers are no longer with us.

HARRISON NOBLE.

Testimony of John G. Kennedy, now residing at Tiffin, taken before the Commission, July 15, 1858.

John G. Kennedy, after being duly sworn, deposeth and says:

I was book-keeper of the Seneca County Bank from October, 1854, till May 1, 1857. I am out of employment now. The books of the Seneca County Bank now shown to me, were kept by me, and the entries are those made in my handwriting. C L. Johnson engaged me. I was previously with Harkness & Co., at Belleview, Ohio, and Henderson, Boyce & Co., Tiffin, Ohio I suppose I was recommended to Johnson by Henderson, Boyce & Co. I was part of the time assistant cashier —from January, 1855, till the close of the bank.

The officers of the bank were at first, W. H. Gibson, president, and C. L. Johnson, cashier. The latter remained cashier. L. Baltzel was elected president when Mr. Gibson resigned, and was afterwards, I believe, president of the Tiffin and Fort Wayne Railroad Company.

The entries in the books were made from vouchers, or according to the verbal orders of Mr. Johnson. We commenced our books without any reference to the former organization, or their books. The new organization merely took the charter, and the State stocks deposited with the Treasurer, and assumed the outstanding circulation to that amount. On the 12th of October, there was paid 30 per cent., or $30,000 in cash; and for $70,000 notes were given—thus covering the entire capital stock. The State stocks held by the old bank, $68,257.38, were transferred to the new bank as an asset to meet the outstanding circulation. The premium paid on these stocks, $3,959, was charged to premium account, and cash credited. I do not know to whom this premium was paid, but I have every reason to believe that the amount was paid, as my cash account came out right at that time, and the entry was made. The entry in deposit book No. 1, on November 4, of $12,000, credit to C. L. Johnson, was for 12 North Carolina bonds, which he deposited with the bank, and which the bank first concluded to send to the American Exchange Bank, New York, and were accordingly charged to that bank; but the bonds were afterwards returned, and the American Exchange Bank, New York, credited again, and C. L. Johnson charged with the same. I do not know whence Mr. Johnson obtained these bonds. I took the numbers of the bonds. The collections entered in the collection book, as received on the account of C. L. Johnson, were, so far as I know, simply collections; and any that were returned protested, were doubtless handed back to Mr. Johnson. I do not know how Mr. Johnson obtained these collections. Goodwin Lowry, the acceptor of the one drawn by Ladd & Stevens, is a wool merchant in New York. Ladd & Stevens are merchants in Melmore, Seneca county. These collections were not discounted, that I am aware. C. L. Johnson was understood in the community to be a man of some considerable property. I believe he owned some State and other stocks.

The $5,468 draft on New York in favor of J. G. Breslin, was, so far as I know, paid by him in cash, as the books show, for the cash balance was increased over that amount on that day, January 9, 1855.

The $1,770 credited to Wm. O. Spaythe, cashier, on the 18th of January 1855, are for coupons from Virginia bonds, which I do not know who owned, and which coupons were sent by Mr. Spaythe for collection and credit. Where the bonds themselves were, I do not know. I took

the numbers off the coupons myself. I do not know what bank the bonds belonged to, but think they belonged to Mr. Redfield. Spaythe was cashier of a broker's office at Fort Wayne. I do not suspect nor do I believe, that Mr. Breslin had anything to do with those bonds. I think they were Redfield's. The $1,770, January 27, are a similar transaction, the two transactions being for

17 North Carolina coupons,	$30 each		$510	$17,000
12 Virginia	"	30	"	360	12,000
60	"	"	15	"	900	30,000
29	"	"	30	"	870	29,000
30 North Carolina	"	30	"	900	30,000
				$3,540	$118,000

The account in general ledger, of W. O. Spaythe, shows that the bank advanced to W. O. Spaythe, cashier, sundry sums between the 2d day of January, 1855, and for some time afterwards, say 18 months, amounting to from $10,000 to $33,000. So far as I know, this was an arrangement with Mr. Redfield, as an accommodation from Johnson to him. I neither know the consideration, nor the object for which it was made. There was no loss to the Seneca County Bank from these transactions.

The draft of $10,000 to J. G. Breslin, was, so far as I know, a cash transaction. It was February 6, 1855, and no premium charged. It must have been a sight draft, as all time drafts were specially noted as such.

The entry of $56,179 58 to the credit of C. L. Johnson, and the counter entry debiting the same amount to American Exchange Bank, February 26, 1855, was, as I believe, for drafts obtained from Mr. Breslin, Treasurer, the latter taking from the Seneca County Bank five drafts, as marked page 56, February 27, 1855, to the order of C. L. Johnson, on one bank—the American Exchange Bank, New York. I do not know the object of entering these drafts in this manner, nor the motive for the transaction, unless it was an accommodation to the bank. The drafts handed to the bank were on New York, to the same amount as those given afterwards, and were sight drafts, and was simply an exchange of drafts of equal aggregate amounts. The accommodation must, as I suppose, have consisted in Mr. Breslin holding the drafts he obtained, and the bank receiving the interest in its New York account.

The transaction, March 5, 1855, charging the American Exchange Bank with $6,000, draft drawn by Bartlit & Smith on John Thompson, in New York, and crediting, on the same day, the American Exchange Bank with a draft of $6,000 in favor of C. L. Johnson, I cannot explain, as I know nothing about it beyond the entries.

As to transaction, March 17, 1855, for $8,538, being again two drafts to that amount drawn by Bartlit & Smith on John Thompson; and also two drafts drawn by the bank in favor of C. L. Johnson, on the American Exchange Bank—I believe it was an exchange of drafts with Breslin.

There is an entry on the 5th of May, 1855, charging the Treasurer of State with $27,000 of State stocks, without specifying number or character; and on the same day, a credit of the same amount to "circulation account." The explanation I make of this entry is, that Mr. Johnson held the receipt of the Treasurer for this amount of stocks, not being numbered, as was the case with regular receipts. I saw the receipt when I made the entry, to the best of my recollection. I do not know that these stocks were deposited with the Treasurer of State.

The circulation, was, however, actually received by the bank, for which Mr. Johnson gave his receipt. July 25th, following, there appears to have been an entry of the return of the bonds, and a surrender of circulation to the same amount, of $27,000.

I do not know from whom these stocks were obtained, neither do I know that they were actually deposited with the Treasurer.

The draft on New York for $12,900, given to Breslin, May 9, was a simple purchase of a draft, for which I believe the money was paid.

The transaction of the fourth of August, was similar to that of May 5, $27,000. Receipt of stock was given, and circulation got; but I do not know whether stocks were deposited with the Treasurer or not. The account was again balanced October 2, by the return of the receipt, and the circulation as above stated.

The account in the individual ledger, at page 587, with "Samuel Jones," is a fictitious account, and I do not know whom it represents. It was opened by me for Mr. Johnson's convenience, and for a purpose not known to me.

There is an entry of 8th of August, 1856, of $15,000 to the credit of Mr. Gibson, "by exchange of Bartlit & Smith," and a debit of that

amount to *Samuel Jones*. There is a credit of $12,000, August 4, 1856, to Samuel Jones, but from whom the money came, I cannot say. The whole account was a fictitious one, of which I know nothing except I was directed by Mr. Johnson to make the entries. There is no entry upon the books of the bank, in "circulation," or any other account, of the receipt by the bank, on the 15th of April, 1857, of $34,657 of its circulation from the Treasurer of State; nor is any such amount entered as having been received until the 28th July, 1857. In the account with the American Exchange Bank, New York, in February, March and April, 1856, the explanation I have to make of the entries of various drafts on that bank, issued to Mr. Gibson, amounting to $70,977.65, is, that the drafts were not sent forward to that bank, but were returned to the Seneca County Bank and canceled.

The first entries made in the books of the Seneca County Bank, in November, 1847, at the time it commenced business, are, I believe, in the handwriting of W. E. Chittenden, who was then the cashier. I know of no arrangement between Mr. Johnson, cashier of the Seneca County Bank, and the cashier, or other party, representing any other Bank, or with the Treasurer of State, by which he was to receive, and protect the circulation of any other bank than his own, that I remember. I know he received and paid out Kanawha, Greensborough and Indiana money, but am not aware that it was in virtue of any agreement to that effect.

JOHN G. KENNEDY.

Testimony of Lewis Baltzell, of Tiffin, taken before the Commission, December 10, 1858.

Lewis Baltzell, after being duly sworn, deposeth and says:

I was president of the Seneca County Bank, from May, 1855, till some time in 1857, when the organization went into liquidation, and a new bank, under the same name, but with reduced capital, was organized, of which I was to have been president, but which never went fully into operation. It did business for a little while, but never issued any notes.

I am one of the securities of W. H. Gibson, late Treasurer of State.

The stockholders associated with Gibson after the purchase of the Seneca County Bank charter, were C. L. Johnson, Hugh Welch, Elisha Umbsted, R. M. McGibson, and myself. John G. Breslin was not, to my knowledge, the real owner of the Gibson and Johnson interest in the bank; nor of any part thereof. I paid, in September, 1854, thirty per cent. of my stock in good promiscuous currency, and, perhaps, coin. I also paid my stock notes as they became due, in cash. Mine may have been renewed once or twice. I do not know how any of the other stockholders paid in their stock I never heard where Gibson and Johnson got their money to pay their stock; nor have I any definite knowledge of the matter. The question as to any opinion I may have formed as to the source from whence Johnson and Gibson got their money for this purpose, I decline to answer. I also decline to answer, whether it was my impression that they obtained it in some way from Breslin.

I was not familiar with the details of the business of the bank. I lived in the country, and having full confidence in Mr. Johnson, left it to him. I do not know how Breslin and Gibson deposited in that bank. I believe they were depositors, and presume that Johnson told me so. I know nothing of the compensation paid to Breslin and Gibson for these deposits.

When the old Seneca County Bank, which was organized under the law of 1845, went into liquidation in the spring of 1857, its assets were transferred into the new bank under the free banking law of 1851. We made a dividend, and received it. We agreed to liquidate the old bank one day, and the next day they organized the new—the only difference being that it was organized under a different law, and only upon one-half the capital. When the new bank went into liquidation, which was in July, 1857, after the Treasury defalcation had been made public, I, with other stockholders, placed its assets, and our claim for our stock, in the hands of C. L. Johnson, who again placed securities in the hands of Mr. Noble, as his attorney, to secure us for anything due us. A part of our stock in the old bank went into the new. My stock in the old bank was $10,000. I got $5,000 stock in the new bank, and the other $5,000 I got as follows: I had bought the last $5,000 stock of Gibson, which I was to give him up for what he owed me, and the balance in a check due me on deposits due me from the bank. The stock was never actually in my possession. When the bank liquidated, I got my deposits, and the

stock went to Gibson again, and I again holding old claims against Mr. Gibson.

The new bank has also gone into liquidation, and my claim rests now upon Mr. Johnson, for whatever share I had in the new Seneca County Bank, being $5,000. When we resolved to go into liquidation, all the assets were placed in the hands of Johnson. No assignment was made to him, nor any person else. These assets are now in his hands, or rather his attorney, Mr. Noble, for the purpose of paying us. There was no loss to me as a stockholder in the Seneca County Bank; nor do I believe that there was any to the others. I do not know whether the State stocks, formerly belonging to the Seneca County Bank, are now in the possession of Mr. Noble; but I have good reason to believe that there are assets sufficient in the hands of Mr. Noble to pay us stockholders.

Beyond a knowledge of the existence of such a company, and its proposed railway, as the Tiffin and Fort Wayne Railroad Company, I know very little about it. I have heard that Gibson had or has investments in that road, but know nothing positive about it. I neither know, nor have I heard of any investments of theirs, West or anywhere else, except as above stated.

L. BALTZELL.

TIFFIN, December 11, 1858.

C. REEMELIN, Esq.,

Dear Sir: On my way home from Columbus, thinking over my deposition before you, I find that my memory was at fault—that the facts were not just as stated, but the result is about the same.

In my deposition, I say I renewed my note two or three times, and then paid it off. That was not the case. I paid but fifty per cent. in the old bank in currency, and my note for the other fifty. But when we started the new bank under the law of 1851, then I took the money I had there on deposit, and paid off my stock note.

Respectfully, yours,

L. BALTZELL.

I would not like my deposition published as it now stands.

L. B.

Testimony of James T. Claypoole, of Columbus, Ohio, taken before the Commission, December 29, 1858.

James T. Claypoole, after being duly sworn, deposeth and says:

I am receiver of the Seneca County Bank, one of the independent banks established at Tiffin, under the law of 1845. As such, I have thoroughly examined the books of the bank from the commencement.

As to an overissue, and generally, I have found the books very irregularly and incorrectly kept, especially as to the circulation and bond accounts. The bank was organized in 1847, and the books of the State Treasurer show no State bonds until January, 1849, but the bank has receipts, signed by A. A. Bliss, for bonds, November 6 and 13, 1847, for $85,000, and held power of attorney to draw interest January, 1848, for $55,000. I feel certain that the overissue arises from the following entries: November 4, 1854, the Treasurer is credited with circulation received, $30,000. Same day, the Treasurer is charged with Domestic Bond No. 792, $30,000; while no such bond was ever issued by the State. December 4, 1854, Treasurer is charged with notes returned, $30,000, and Treasurer is credited with Domestic Bond No. 792, returned, $30,000. The cash account remains unaffected by these entries, showing them to be a mere fiction. There is nothing on the books of the bank to show how it ever acquired the bond No. 792.

Similar entries take place as to notes and bonds for $27,000, May 5, 1855. Between that time and the 2d of October, 1855, this sum passes through three similar entries backwards and forwards, and on that day the notes are charged to the Treasurer of State, and the bank is credited by the bonds returned. In this case too, there is no evidence of the bank having got possession of any bond or bonds. My opinion is, that the $30,000 and $27,000 relates to each other, and that the $27,000 is but a part of the original $30,000, none of which, I venture to assert, has ever been returned, and I judge so from the entries on the books, having scrutinized them in every particular. An important point in the matter is the fact that the cash account of each respective day proves conclusively that the entries are fictitious, as the amount of cash on hand in the morning is of such an amount as to preclude any money of the amount named to have been received or paid out, and this the books show on their face.

I noticed on the books large accounts kept with Wm. Williams and Sam Jones, which I have understood represent Breslin or Gibson. Jones receives a little over $6,000, which is charged to interest; and subsequently Jones is charged with $6,000, and Gibson is credited. I suppose this to be interest paid to Gibson.

JAS. T. CLAYPOOLE.

Testimony of Thomas Heaton, taken before the Commission, at Cincinnati, August 9, 1858.

Thomas Heaton, after being duly sworn, deposeth and says:

I was paying teller, and afterwards cashier of the City Bank of Cincinnati. My connection with it commenced in 1850, and terminated in 1853. I was paying teller during the term J. P. Reznor was cashier and president. The Treasurer of State, Albert A. Bliss, deposited with the bank, his account commencing soon after I went into the bank, and continuing during his official term. It was a running account, and amounted in the average to $70,000 or $80,000, and was kept in his name as Treasurer of State. In 1851, I think, thirty thousand dollars of the amount thus standing to his credit, was diverted from his official account, and invested in the stock of the bank. He gave his check on his official account for the $30,000, and received two certificates of stock of $15,000 each, in the name of two of his friends in the northern part of the State. The stock was afterwards re-transferred to John P. Reznor, and the amount of $30,000 was credited to the account of A. A. Bliss. Treasurer, and this $30,000 is a part of the sum transferred by Bliss to Breslin, and forms a part of the loss sustained by the State through the bank. During the time Mr. Bliss held the stock, he received the dividends upon it. He held the stock about eighteen months. At the time Mr. Bliss went out of office, there was standing to his credit about $52,000 or $54,000. He gave Mr. Breslin a check for $50,000, which, with Mr. Breslin's check of $50,000 on the Trust Company, made up the amount of Breslin's first deposit with the City Bank, of $100,000. The City Bank was purchased by Reznor of Gregory & Burnett, who, a short time previously, bought it of Henry Dwight, Jr.

Mr. Bliss received from Mr. Reznor a bonus, or a payment or allowance for interest, on his deposits, to the amount of about $500, but whether paid out of Mr. Reznor's private funds, or otherwise, I cannot state. I do not know that the amount was ever charged to any of the accounts in the bank. Mr. Bliss was probably induced to purchase the stock of the bank as a speculation, in the expectation of large dividends, and in the rise of the stock. Mr. Reznor seemed to be impressed with the idea that a large profit could be made by a connection with the bank. I was induced to go into it from representations made to me of its probable stability and high character, based upon the reputed wealth and business reputation of Mr. Reznor, but I soon ascertained I had been deceived.

Reznor paid a bonus of $5,000 for the bank, for which he gave his draft on Norwalk at 90 days, and the draft was paid at maturity. The capital stock of the bank stood nominally at $49,500, and the main amount of this was made up by Reznor and his friends in some way. A Mr. Glenn had loaned to Reznor over $20,000, Reznor holding the stock for the amount. The $50,000 of State stocks, upon which the circulation was based, had been procured by Dwight, and they and the outstanding circulation, were one of the chief inducements for the bonus given for the charter of the bank.

For the stock re-transferred by Bliss, he got a credit for a corresponding amount, on the books of the bank. He paid no premium on the stock, and received none.

Henry Debolt, the then treasurer of Hamilton county, made a handsome deposit with the City Bank. It perhaps never reached $100,000—the average was about $75,000. I do not think that Debolt received any interest. I presume, that Bliss intimated to Debolt, that deposits made at the City Bank would be agreeable to him. C. Thomas never made a deposit in our bank.

In 1853, I became the partner of W. W. Cones, under the firm of W. W. Cones & Co. Cones and myself were the only partners. The way I was induced to go into the firm, was in this wise: Cones deposited at the City Bank as canal collector, and we thus came frequently into contact. Cones proposed the starting of a banking house, and said he had not much money, but some considerable property and a good credit. He also mentioned, that through Sheriff Higdon, who was his friend, he

would secure a good deposit from him, and all his promises were subsequently realized. Judge Reznor and his northern friends had also expressed to me a desire to bring H. Dwight Williams, who had been in the Cuyahoga Falls Bank, into the City Bank, of whose superior financial skill they had great expectations, and I gladly gave way to him, as the bank had been badly shaken by Reznor's management.

The firm of W. W. Cones & Co. continued until November, 1855, at which time, owing to unfortunate investments in real estate and railroad stocks, etc., the house was obliged to suspend. The loss in railroad stocks, was in Hillsborough, and Ohio and Mississippi Railroads, and amounted to about $11,000.

Breslin made a deposit in our bank before Bowman ever did, and had transacted considerable business with us, we furnishing him eastern exchange. Snyder, the treasurer of Butler county, at the solicitation of Breslin, deposited a considerable portion of his funds with us; and in the fall of 1854, and the winter of 1855, Bowman, in this county, deposited with us. I had nothing to do with the preliminary which led to a deposit from Bowman. I understood, from conversations with Cones, that he (Cones) having been very influential in securing Bowman's nomination and election, a handsome deposit would be made with us,—an expectation which was not realized to the extent understood. Bowman, in the fall of 1854, made small deposits along, which, under an understanding with Breslin, gradually accumulated to $80,000 or $87,000. Breslin was in trouble in the fall of 1854, to meet the succeeding January interest. Cones and Wash. McLean had succeeded in getting Samuel B. Keys as a director in the Trust Company, and through his and their influence, got a discount for Breslin of $35,000. There had been a bitter political hostility against the Trust Company, on the part of Cones and McLean, and on Stanley Matthews' suggestion, this opposition was pacified by granting to them the director aforesaid, and other accommodations. Bowman had, through Breslin's influence, also been induced to deposit with us, as stated. We furnished Breslin with some $40,000 of exchange. The principal amount of the currency for the same came from Bowman. The deposit of Bowman was continued after January, and when he made his settlement with the State officers in March, we gave him a certificate of deposit for $70,000, which was payable to the order of J. G. Breslin, and upon which, some $22,412 01 was subse-

quently paid in money or eastern exchange; $47,587 99 remaining unpaid at the time of our failure. Mr. Cones made a proposition to Breslin and his friends, that Cones would furnish five friends of undoubted credit and responsibility, and Breslin should furnish five on his part, each to carry $5,000, and thus saved a public exposure of the delinquency. The proposition was not accepted. Bowman's deposit was a running account, and was by us regarded as Bowman's account and not Breslin's.

Bowman got six per cent. interest on his deposits, and besides, we discounted a note for him before his election, which was not paid until after he deposited with us. Bowman was also a partner with H. Debolt and Wm. Hiett, in the pork business, and we discounted for them a note of $10,000 at six per cent., before Bowman had made any deposit; all of which was done under the expectation of being repaid to us by subsequent deposits, and was so done.

Mr. Cones had an understanding with Bowman, by which, in a few instances, a few large tax payers paid their taxes through our bank, W. Cones getting for them their tax receipt. One was Gillmore & Brotherton's taxes—another, Sam. Keys.

As to Breslin's connection with the Kanawha Bank, I know nothing positively. My belief, however, is, that Breslin, Cones, and Wm. Sturges, were the proprietors of the bank, having purchased it, through Cones, of John Bates, of this city, who represented the stockholders, holding the principal amount himself. To give the bank a substantial basis for business, after its purchase as above, Wm. Sturges gave Cones a draft for $10,000, on S. Brady, cashier, &c., at Wheeling; and I always understood, that Breslin also furnished $25,000 in currency, and Cones took with him some $10,000 of currency, which, together with a $5,000 certificate of deposit in our bank, made $50,000, which was placed with the bank at Malden, Virginia, when Cones came in possession. After thus starting it, we received and gave the notes of the bank a good circulation. There was also an understanding with the Trust Company, by which Kanawha money would be made bankable with them, which fact soon made it bankable generally.

Bowman, some three or four times, exchanged currency with us for Kanawha Bank notes, knowing they would be received by Breslin.

In 1855, I saw in the vault of Cones & Co., a certificate of the stock of Kanawha Bank for $25,000, but whether it was or was not in the name

of Breslin, I cannot state, but which I have no doubt was intended for him, as such was the intimation of Cones, although he never so expressed himself fully.

THOS. HEATON.

Testimony of Sanderson Robert, of Cincinnati, taken before the Commission, October 29, 1858.

S. Robert, after being duly sworn, deposeth and says:

I was President of the City Bank of Cincinnati, from June, 1854, up to the appointment of Receiver.

When I became President, Breslin appeared upon our books as a depositor. I do not know upon what terms the State deposits were made. I never paid, nor has the bank, while I was president, ever paid J. G. Breslin any interest or other compensation, or allowance, for these deposits. Breslin never was a stockholder of the bank while I was president, nor did he furnish any State Stocks as a basis for circulation. Gibson kept no account with our bank. Bliss kept an account, but that was before my time.

Breslin's deposits were kept either in the individual or general Ledger, and for a good part of them certificates of deposit were issued—these certificates did not bear interest. I know of no inducement that Breslin had to deposit with our bank, and otherwise to befriend her, unless my supposition is correct, that he hoped to maintain her, and gradually bring her out again, and then to make the State money in the bank good.

I do not know whether J. P. Reznor, or any other director or officer of the bank, represented Breslin in the bank. I was not cognizant of the bonds paid to Reznor for the charter, nor do I know the ground upon which it was allowed him.

Breslin never furnished us circulation in advance of our deposit of State Stocks. We never delivered to Breslin our office notes for any amount, without getting in return either new notes or State Stocks.

George G. Baker was president before me. I was elected a director before I was president. I was made a stockholder, by J. G. Camp transferring ten shares of stock to me. I do not remember paying for it.

The stock stands to my credit. I really have no knowledge, nor supposition, whether Mr. Camp's stock was or was not in fact Breslin's. The same answer I must give as to Reznor's stock. All stock appeared as paid up stock on the books, and any indebtedness existing on the books from stockholders, was not for stock, so far as I know and believe.

To my knowledge, Breslin had no interest in the City Bank, either directly or indirectly, except his deposit account, or certificates of deposit. He never received any dividend, nor did he ever receive any for others,—at least I saw no such entry in the books. While I was President, no dividends were paid. J. P. Reznor and J. G. Camp paid but little attention to the business of the bank after I took charge of it; although Reznor was the largest stockholder, and Camp had $4,000. Neither Reznor nor Camp have written about their investment since the failure, nor have they been here to my knowledge, to see about it. Breslin never talked to me about the value of the stock. There were regular elections while I was connected with the bank, and sometimes Reznor, and sometimes Camp, would attend the election.

The directors attended to business very rarely. The defalcation of our bank to the State, is for drafts on New York, given to Breslin, and remaining unpaid. I do not know where these drafts are—they were issued before my time.

I gave Breslin my own individual notes for $6,300 and over, for certificates of deposit which he held against the bank. These notes of mine remain unpaid;—there were three of them for $2,100 and upwards, each. I do not know who holds the notes. They do not bear interest. They were given to him in December, 1855. I was to make the money for these notes out of the assets of the bank, and pay the notes; or if I had to pay the notes before I could do so, to pay myself out of the assets of the bank. This has not been done. I hold the certificates of deposit. They are for about $1,100 more than the notes.

There is another unsettled account between Breslin and myself. It arises from money loaned by Breslin to me officially. I borrowed it of Breslin, and deposited it with the bank myself. I borrowed the money to sustain the bank. I cannot state the precise amount, I will, however, gladly settle with the proper State officers duly authorized to settle for

Breslin. The amount is under $10,000. I got the money of Breslin by express. I have received two letters from Breslin since he left the State; their purport was a desire to settle our accounts.

S. ROBERT.

Sanderson Robert recalled, and testimony taken in Columbus, January 7, 1859.

Sanderson Robert, being recalled, deposeth:

The sums of $10,000 and upwards, credited to my account in the City Bank of Cincinnati, were all derived from myself, except one of about $15,000, and that I got of Mr. John G. Breslin. It was remitted to me in currency from Columbus, and was understood by me to be an official deposit, but afterwards was claimed by him to be an individual loan. This sum has in part been repaid to Breslin—how much I do not know, nor can I tell what the exact balance between us is. The $12,000 and upwards, which is the last entry in my account in the City Bank of Cincinnati, is not the balance between me and Breslin, but it is a balance due to me. This balance has nothing to do with the certificates of deposit I got of Breslin. The amount repaid to Breslin on the $15,000, is between $6,000 and $7,000. The other heavy deposits made by me in the City Bank, came out of my own private means, and neither Breslin nor Gibson had anything to do with them.

The $20,000 deposited by me in the Trust Company October 1, 1855, were circulation of the City Bank, which we preferred to withhold from circulation, and upon which the Trust Company lent us an equal amount of currency. It had been a very expensive matter to us to maintain our circulation, and we preferred to hold it in this way.

On December 31, 1853, John G. Camp transferred to me ten shares of the stock of the City Bank. I never paid for it, and I believe it stands in my name now. It is all the interest I ever had in the bank.

In January, 1854, I was elected a director. The transfer of stock, and the election of director, were both without my knowledge and consent. I was elected President in June, 1854, by G. G. Baker resigning. The Board consisted of G. G. Baker, J. P. Reznor, J. Gardner, R. B. Hays, and S. Robert.

The stock of the bank, as far as the books showed, was owned, when I came in, as follows:

The bank itself	480	shares.	$48,000
J. G. Camp, (less mine,)	50	"	5,000
C. T. Sherman	50	"	5,000
J. Gardner	50	"	5,000
J. P. Reznor	50	"	5,000
J. P. Elton	150	"	15,000
P. Latimer	30	"	3,000
Winslow, Lanier & Co	120	"	12,000
H. Rainer	20	"	2,000
Th. Baker, of Norwalk	100	"	10,000
G. G. Baker	30	"	3,000
Gibson, Stockwell & Co., N. Y	150	"	15,000
Chicago Marine & Fire Ins. Co	50	"	5,000
	1,330		$133,000

I do not know where J. P. Elton is. I never saw him. My impression is, that much of the stock held by others had been bought by J. P. Reznor, and not transferred. It is not my impression that the stock held by Reznor was really owned by Breslin.

The capital stock was $83,000, and $50,000 was called safety fund. I do not know how the stocks for the safety fund were procured. I found them in the treasury when I got into the bank, and left them there.

J. P. Reznor owed, as the bank claimed, rising $50,000, which he did not admit, and which led to the settlement of his account. He settled by transferring certain securities, among which was Cambria iron, and Mansfield railroad stock, and others. The securities were returned to him, and another settlement made, by which it was agreed to take his stock, he having become a large owner by the purchase of stock from others; and thus he paid up his indebtedness. The bonus paid by Reznor for the bank to Gregory, and the premium on State stocks, amounting to $7,800, was also allowed to Reznor in payment of his indebtedness, and the bank has no claim on Reznor any more.

The $165,449 78 were received by me from Breslin as appears by the books, in various checks and certificates of deposit upon various banks and bankers, and for which I gave him New York exchange. I suppose

he did not want the trouble of collecting the smaller drafts, and took the whole of it in drafts from our bank on Winslow, Lanier & Co., and they were all paid.

The drafts which are not paid are drafts which Breslin had already when I came into the bank. I do not know why they were not presented at maturity. They were held a year or more. They were originally drawn when J. P. Reznor was President.

I am desirous of adjusting all my accounts arising out of my official connection with the City Bank, and through it with Breslin. Breslin holds three certain notes of mine given for certificates returned by me. The amount of these is $6,382 57. The precise amount due on the $15,000 deposit, I repeat again, I cannot state.

I furthermore declare, that I am not aware of any fact or circumstance whatever not herein stated, which would aid the Investigating Commission in their examinations, or would, in any way, throw light upon the causes of the defalcation that has occurred in the State Treasury, or would lead to a true knowledge of the parties by whom the State Treasury has been involved in loss.

S. ROBERT.

Testimony of E. M. Gregory, of College Hill, Hamilton county, Ohio, taken January 3, 1859, before Charles Reemelin, Commissioner.

E. M. Gregory, after being duly sworn, deposeth and says:

I was the president of the City Bank of Cincinnati, for about one year previous to my sale of the bank to Judge Reznor, and also some two or three years after the sale.

I knew A. A. Bliss to be a depositor. He was then Treasurer of State. I knew him personally. I do not know how Bliss got the stock in the City Bank. I heard he held some stock, but do not know the fact.

John G. Breslin never had any stock in the City Bank, to my knowledge. He was a large depositor.

Sometime after I resigned the presidency, in going into the bank one afternoon, I learned that it was in some trouble for money. Upon Mr. Heaton's suggestion and request, I went to Columbus, and called on Breslin, and we had an interview at the Neil House. I stated to him,

that the bank was in some trouble, and that it must have help temporarily, or it would have to suspend. My impression is that Judge Reznor was away from home at that time in New York. Breslin, after the interview, deposited money with the bank, and brought drafts for that purpose on different banks. The amount he thus deposited, was from $30,000 to $40,000, and I think it was in 1853.

The first president of the City Bank was A. J. Wheeler, and I think Mr. Headly followed him, and I Mr. Headly. Judge Reznor became my successor, and Mr. Robert, as I learned, became his.

When I purchased the bank, Henry Dwight, Jr., was the principal owner. I bought of him and Headley. Henry Dwight had actual capital in it. He received a draft of about $70,000, and I gave him my note for $1,200, and I agreed to give him $5,000 as a bonus, which latter was paid out of the assets of the bank. I bought it for Gregory and Burnett. The note was my individual note. H. Dwight was paid while I owned the bank, and he was paid from the assets of the bank. Reznor bought the bank from me, just as I bought it of Dwight. I had put no money in the capital stock, and sold to Reznor for a bonus of $9,000 or $10,000. Then there was money brought in for capital stock, and some stock notes given, and stock issued. Judge Reznor brought, as near as I can recollect, about $25,000, and was to bring in more. He left this money in it for awhile, at least, and had money in the bank when I left it

When I sold the bank, as well as when I left the presidency, the bank was solvent, and could have paid every dollar it owed.

My inference, from all I saw and heard, was, that Bliss in his day, and Breslin in his, were interested with Reznor, and calculated to take hold of the bank, and to make it profitable; and it is my impression, also, that a good part of the money brought in by Reznor, came from the State Treasurers. I got that impression from Judge Reznor's movements, and from the interest the Treasurers took in the bank by deposits and other assistance.

When I had the interview with Breslin, as above stated, I told him that it was his interest to help them through their temporary trouble, as he was a large depositor. My motive was, that the bank should be helped, and in that way he should protect himself. I had no personal interest to thus solicit Breslin, except as a former owner, and having been iden-

tified with it. I did not borrow, nor otherwise obtain the money which Breslin then advanced.

My belief has always been, that Breslin's account was kept in the individual ledger, in his own name; and that so far as the money was concerned, it was between the bank and Breslin, and then again between the State and Breslin. For the stock held by Gardner, Sherman and Camp, they gave their notes. Those notes, I learned, were given up to these gentlemen without payment—a proceeding which I decidedly disapproved.

The capital stock was $50,000; and it was made up by $10,000 cash of Judge Baker, of Norwalk, and by other cash and stock notes. No stockholder contributed, to my knowledge, to the safety fund stock—at least, I did not. I cannot tell how it was made up. I only know and believe, that there were always stocks sufficient in the State Treasury to cover the circulation.

Breslin told me, the last year that he was Treasurer, that he should lose money by Judge Reznor. He did not name the amount. The conversation took place at Urbana, as we were waiting for the cars. I have no idea myself of the amount. He spoke of it as a loss through Reznor personally, and was bitter in his expressions and complaint of Reznor. I recollect he said that Reznor had deceived him in his business transactions.

I had reason to believe that Breslin and Reznor were interested together in operations outside of the City Bank. Reznor was known to me to be interested in many kinds of business. He was interested in the Norwalk Bank; also, bought property on College Hill; he was a partner with his brother-in-law at some interior town in Ohio, in merchandizing and manufacturing. He had property in Michigan; and I have also heard of his being interested in iron works, and that he was concerned in the Broad Guage Railroad. He is now at Clinton, Illinois, on the Mississippi river. I saw him at Chicago last winter, and he then told me he lived at Clinton.

E. M. GREGORY.

Testimony of W. W. Cones, taken before the Commission, at Cincinnati, August 11, 1858.

W. W. Cones, after being duly sworn, deposeth, and says:

I was collector of canal tolls at Cincinnati, during the year 1851, and a part of 1853. By direction of the Treasurers of State, I made weekly deposits with the City Bank of Cincinnati. The daily receipts, before making my weekly statement, I deposited with Outcalt & Co. I received from them six per cent. interest on such deposit. I became acquainted with Mr. Heaton, subsequently my partner, through my transactions with the City Bank and formed the copartnership with him under the firm of W. W. Cones & Co., in 1853. There was no understanding with Mr. Breslin, prior to the formation of my banking partnership, that he was to deposit with me, or that I was to receive any aid or facilities from him. I expected that my firm might be made to some extent, the depository of the Sheriff and perhaps of the County Treasurer, although there was no agreement to that effect. The first transaction I had with Mr. Breslin, of a pecuniary character, to any extent, was in the fall of 1853, and was the receipt from him, of drafts on various points in the State for $10,000, for which I gave him one draft on New York, payable January 1, following, and which was paid. I became also the depository of the Treasurer of Butler county, through the personal friendship of Mr. Stokes, the then Treasurer, and although there was no arrangement to that effect, I presume I paid him six per cent. interest. Similar deposits were made by his successor. I was desirous of keeping these deposits as long as possible, and to do so, I went to Columbus to see Mr. Breslin, and make some arrangement with him to that end. I took with me a blank note or draft, endorsed by Wash. McLean and Joseph Cooper, which I was authorized by them to fill up with any amount Mr. Breslin might agree to leave in my hands until he should want it to pay the interest in New York or otherwise. He agreed thus to leave with me the amount then held, $25,000 or $30,000, with which sum I filled up the draft or note alluded to, and this draft was paid at maturity.

I was the friend and supporter of Mr. Bowman as a candidate, and at the election for Treasurer, and aided him to the extent of my power, and had reason to expect from him in return a fair share, at least, of his deposits, but I was disappointed both as to the time and extent of these

deposits. Upon the deposits he did make, he was paid interest at six per cent.

I never received deposits of public money directly from Mr. Breslin, nor from any other sources than as stated. I purchased exchange for Mr. Breslin in the fall of 1854, receiving currency from Mr. Bowman and others to a large amount; but all moneys thus received, were used for the purposes stated.

The deposit from Mr. Bowman in the winter of 1854–5, was in pursuance of an express agreement between him and myself, and without any authority, from or agreement with Mr. Breslin, that such deposits were to be taken by him, or that he was to assume any risk or responsibility therefor. The deposits were made upon the responsibility of Mr. Bowman entirely, and in no instance did he make it a condition that Mr. Breslin should acquiesce or agree to become responsible for us to any extent, neither did I ever request Mr. Breslin to assume that responsibility for us.

From the amount thus deposited by Mr. Bowman, we gave to Mr. Breslin a certificate of deposit for $70,000. I do not know the manner of the payment of any amount on the certificate, but I recollect that on the 1st of July, 1855, we owed Breslin about $73,000. On this balance we paid him $25,000 in New York, August 1st. I agreed to obtain for him also $25,000 more, from the Kanawha Bank, on his note endorsed by Gibson. I did obtain the money, and had Breslin's notes therefor, but gave them to Wash McLean to get Gibson's endorsement through Breslin. He gave them to Breslin, and I have never seen them since. I paid the Kanawha Bank loan by $25,000 of stock owned by Breslin which I held. I received information from Mr. Breslin through Mr. Heaton, that all the money in our hands must be paid at once, and on my return from Kanawha, I met Mr. Breslin at Wash. McLean's, and the foregoing arragement was concluded.

After my failure, under the impression that I was the only person through whom Mr. Breslin was likely to sustain any loss in money or character, I was exceedingly solicitous to secure him for the amount in my hands, and save him from difficulty; and, therefore, at a meeting with Mr. Breslin, Wash McLean and Samuel Medary, I proposed to find five men of unquestioned ability, who would give their notes for $5,000 each, if he would find five men of like character to give their notes for

the balance of the indebtedness to him; and that I would procure these notes to be discounted; and thus place him in funds, and avoid any public disclosure of the difficulty; but he declined or refused to accede to the proposition In this transaction, Breslin and the State were also to receive all the benefit of our assignment.

There was an agreement, in the winter of 1854–5, between Breslin, Wm Sturges, Wash. McLean, and myself, that we should purchase the Kanawha Bank, taking a quarter interest of $25,000 each.

Breslin furnished, as agreed, $25,000 in money; Wm. Sturges furnished $20,000 in money also; Wash. McLean did not pay anything; and I furnished $25,000, and assumed to pay the balance of $35,000, for which I gave my notes, with my own and the stock of Wash. McLean as collateral. When I first purchased the bank of John Bates, I gave my bond for an unascertained amount, or an amount to be ascertained as due him, with Samuel Keys, Wash. McLean and Benjamin Higdon, as securities, which amount was subsequently ascertained to be about $15,000, and was paid. By agreement, all the stock was issued to me, and transferable by delivery or endorsement. Breslin actually received his. My own and McLean's was left at the bank, as stated. The stock was all afterwards transferred to the bank. That of Sturges, through his indebtedness, to me, to pay my indebtedness to the bank.

I endeavored to make arrangement for the circulation of Kanawha currency, and succeeded in getting the Trust Company to make it bankable first, and afterwards nearly or quite all the bankers in the city. I believe the directors of the Trust Company were aware that McLean and Breslin and myself owned the bank, but did not suspect that Sturges had any interest in it. The Kanawha Bank, while I was connected with it, discounted a note for Samuel Fosdick, one of the directors of the Trust Company, and perhaps one for Samuel Keys.

Breslin never sustained any loss through or by the Kanawha Bank; neither did he ever lose any money through me, or by me, by investment or otherwise, other than that stated as my indebtedness. I do not know of his losing a dollar through any investment, or by any means; neither do I know anything of his pecuniary transactions with any other person than myself, as stated.

Question by Mr. Reemelin: Did Mr. Breslin make any loans to the Cincinnati Enquirer Company?

Answer. He did, and they were paid. The amount was probably $2,000.

Ques. Did W. W. Cones & Co ?

Ans. They did, but the amount I cannot state until some law suits are decided.

WM. W. CONES.

Statement gathered from the books of W. W. Cones & Co.

The banking firm consisted of Wash. Cones and Thomas Heaton.

Feb. 19, 1853. Wash. Cones paid in $2,826, and a few days thereafter, by his ————, $2,500; and he drew out, Feb. 24–28, $2,950 90.

Thomas Heaton paid in, at the time of starting the banking house $160.

The first month's balance sheet aggregate is $35,377 09. September, 1853, the deposits amount to $161,656 64; and in January, 1854, to $151,467 93.

The Treasurer of Butler county is a large depositor, of from $20,000 to $30,000, soon after the concern is started; in fact, through that officer arises the pecuniary connection of Breslin with W. W. Cones & Co.

There are transactions of some $21,000 with the Newport Safety Fund Bank.

There is a small account of J. G. Breslin in individual ledger, amounting to $9,099 49, which is paid in sums of about $1,000 each.

March 6, 1854. There is this entry: "Bills payable, by bill to Jno. G. Breslin, payable last day of June, (is paid June 29) $25,000."

N. B.—This is doubtless for Breslin's note, spoken of in W. W. Cones' testimony.

Same day, these entries:

Merchants' and Traders's Branch—		
To cash settled in Columbus	$17,922 51	
" " "	10,000 00	
		$27,922 51

December 28, 1854—Bills payable, Dr.

Remitted to J. G. Breslin	$10,000 00

Deposits run in 1854, up to July, up to $163,496 16; they fall in August to $146,593 78; and in December of same year, to $112,791 02.

May 9, 1854. Wash. Cones borrows $10,000, and June 1, $6,000 more; and repays both, August 24.

August 24, 1854. W. W. Cones borrows $27,000, which is repaid, by the books, December 8, but really, as we suppose, not till December of the following year, about the time the firm fails. The following entries, December 8, 1855, look that way:

Deposit, Dr., to cash item	$22,942 20
" " "	27,924 34
" " to S. M. Hart	66,468 85
" by cash items	33,326 00

March 2, 1855. J. G. Breslin is charged with certificate of deposit $20,000. There is no entry of this in the general ledger on that day, though marked as entered on page 248, which is Breslin's page. In individual ledger, there is a certificate, No. 540, for $15,000; and in scratcher, March 2, 1855, $20,000.

March 19, 1855—In individual ledger, certificate of deposit No. 602	$70,000 00
Marked paid on it, December	22,412 01
	$47,587 99

Which certificate is charged to H. P. Bowman.

November 7, 1854—H. P. Bowman received interest by credit of	$20 70
March 31, 1855	1,257 40
	$1,278 10

November 30, 1854 (Friday). These entries, among others, occur:

Checks paid on deposits	$39,439 26
" " "	29,572 30

Bank of Kanawha is charged with—

1512,	$13,660 32
1430, H. H. Goodman	3,700 00
1419, do	3,700 00

John G. Breslin is credited with—

By certificate of deposit No. 528	$7,312 74
" " " 507	455 25
" " " 541	20,000 00

The latter, no boubt, is the certificate of March 2, 1855. Deposits are credited with $36,867 88, with which Wm. Sturges is mixed up. Near this, in cash scratcher, is this entry : " Wash. Cones' check, $40,000 "

December 8, 1854. Bank of Kanawha is charged with Wash. Cones' note, $30,000. Brighton property is credited, by Cones' check, he having given his note to Kanawha Bank for $30,000, secured by Brighton property.

J. G. Breslin is credited—

By charge to deposit on individual ledger	$47,412 01
Deposits are credited by cash items	33,326 04
Cash	43,817 52

Ashcraft, McCammon & Co., get credit, November 29, for B., $38,493 85. Wash. Cones is a partner of this firm. They owe, September, 1855, $37,582 86.

These large sums are peculiar, as about this time the bank failed.

W. W. Cones & Co. lost by Hillsborough Railroad Stock, $19,212 32 ; and by Ohio and Mississippi Railroad Stock, 2,014.

Dr. *John G. Breslin.* *Cr.*

(From page 248, Ledger.)

1854.			1854.		
Nov. 15	To cert. of dep..	$597 87	Nov. 15	By cash	$35,972 87
" 15	" exch. and prem	5,075 00	" 15	" do	14 00
" 18	" cash	2,000 54	" 20	" do	2,000 54
" 18	" do	6,784 66	" 25	" do	0 00
" 20	" do	1,051 24	" 27	" do	0 88
" 21	" do	6,933 03		Balance	86 00
" 23	" do	10,400 00			
" 25	" do	2,271 63			
" 25	" do	1,550 00			
Dec. 9	" do	1,410 32			
		$38,074 29			$38,074 29
1854.			1854.		
Dec. 9	Balance	$86 00	Dec. 15	By cash	$17,848 29
" 9	Error	17,848 29	" 20	" do	20,000 00
" 26	Cash	40,000 00	" 21	" do	30,000 00
1855.			1855.		
Jan. 27	do	477 26	Jan. 15	" do	50 00
" 12	do	1,500 00			
" 25	do	625 00			
	Balance	7,361 74			
		$67,898 29			$67,898 29
1855.			1855.		
Jan. 30	To cash	$7,361 74	Jan. 25	By balance	$7,361 74
Feb. 2	" do	20,000 00	Feb. 8	" cash	20,000 00
April 5	" do	5,000 00	Apr. 23	" do	5,000 00
" 21	" Snyder	180 00	Nov. 30	No. 528, c.d	7,312 74
June 8	" cash	15,000 00		" 507, "	455 26
" 23	" do	10,000 00		" 541, "	20,000 00	27,767 99
Aug. 14	" do	50,000 00		By balance	47,412 01
		$75,180 74			$75,180 74
	True addition	107,541 74		True addition	107,541 74
1855.			1855.		
Nov. 30	To balance	$47,412 01	Dec. 8	By balance	$47,412 01

The following letters were found among the papers of the bank:

BANK OF KANAWHA,
KANAWHA SALINES, VA, June 19, 1855.

Thomas Heaton, Esq.:

DEAR SIR: A gloomy morning, as it is now raining quite hard; and my thoughts are gloomy enough, the Lord knows. I shall write to Breslin to-day, but what to write I hardly know. We now owe him some seventy-five thousand dollars, and I cannot see that it is possible to pay him a dollar on the first of July. Our directors had discounted more than they ought whilst I was gone, which makes us quite poor. Keep me as fully posted as possible.

WASH. W. CONES.

June 23, 1855.

DEAR HEATON: With this I send a letter to Breslin, which, I am afraid, will operate like a cold blanket. It is not sealed, and if you think it will answer, seal it and send it to him. It is hard—I can do no better. I send you my check on New York for $2,500, and will send you by mail a check on Cincinnati. I also inclose a check for Wash. McLean, to help pay his note due 26th. I shall write more carefully by mail.

(Signed) W. W. CONES.

Sept. 8, 1855.

To Thomas Heaton, Esq.:

DEAR SIR: * * * * I have on hand some thirty thousand dollars No. 1 bills receivable, sent me by McLean, Breslin and yourself,—none of which I dare do until I hear more favorable news from home. I do not like the fling at interior Virginia banks, in Gilmore & Brotherton's circular of Aug. 28. Is there too much Kanawha money at Cincinnati? is the important question. Where is Keys, that I have not heard of him? Can Barnett (president of the Eaton Railroad.—Note by copyist) have our money received and paid out as other money, at Eaton and Richmond? If he can, I will try and discount two notes sent, as I know they are good; but we cannot discount them if the money is to be used in Cincinnati, as I fear we have now too much there. Now please consult with Wash. about the matter. I will be with you as soon as Everest is able to attend to the bank.

(Signed) W. W. CONES.

Testimony of Alexander N. Peirce, taken before the Commission, at Cincinnati, August 9, 1858.

Alex. N. Peirce, after being duly sworn, deposeth and says:

I was with the firm of W. W. Cones & Co., and kept the Individual Ledger. The firm commenced business in 1853, I think, and continued business as bankers until November 29, 1855. I was sometimes the assistant cashier. The general ledger was kept by Mr. Heaton, the partner of Mr. Cones. Mr. Breslin kept a private account, which amounted to $7,000 or $8,000, but never kept an account with the firm as Treasurer of State.

Mr. Bowman, the treasurer of Hamilton county, kept a deposit account with the firm. At the time he wished to make his settlement with the Treasurer of State in 1855, there was due him $70,000, for which it was proposed to issue a certificate to him for that amount, but Mr. Bowman refused to receive such a certificate, and one was issued to John G. Breslin, Treasurer of State. On this certificate, $22,412 01 was paid; the balance of $47,587 99, and the interest, has never been paid. This is all that is due from W. W. Cones & Co., to the holder of that certificate. W. W. Cones & Co. made an assignment to B. Higdon, former sheriff of Hamilton county, and the books of the concern are now in his control, or in my possession as his agent or attorney. I know nothing of the transactions of Mr. Cones with the Kanawha Bank, except that he would go there, and return with bills of the bank signed in sheets, which he would direct me to cut and put up.

Bowman received some $1,200 of interest on his deposit account. I made up the account, and it stands on the books of the concern. The rate of interest was six per cent.

I do not know that Mr. Breslin had any interest with Cones in the Kanawha Bank. The sheriff of the county received interest on his deposit account, the same as other depositors.

On one occasion, by request of Mr. Heaton, in January, 1855, I called to see Mr. Bowman, to ascertain if I could obtain a further deposit. I saw either Mr. Bowman, or Mr. Hazlewood, his deputy, but was refused a deposit, on the ground that no further deposit would be made without seeing Mr. Cones, or getting assurance from Mr. Breslin that he would receive from Bowman such deposits.

There are no fictitious or concealed accounts on the books, to my knowledge.

I will make a statement of the assets and liabilities of the firm of W. W. Cones & Co. at the time of their failure, and their present condition, and make the same a part of my testimony.

ALEX. N. PEIRCE.

Testimony of Washington McLean, of Cincinnati, taken before the Commission, October 29, 1858.

Washington McLean, after being duly affirmed, says, in reply to interrogatories:

I once partly agreed to subscribe stock in the Kanawha Bank, but the matter never was consummated on my part. I never owned a dollar in the stock of this bank, or any other.

Wash. Cones spoke to me in the first place, about becoming a stockholder in the Kanawha Bank, and without much reflection, I entertained the proposition; but on farther consideration determined to have nothing to do with it. Wash. Cones named to me several persons in Virginia and Ohio, as being ready to buy out John Bates and Adolphus Smith. The parties in Ohio, were himself, Wm. Sturges, and J. G. Breslin. I do not remember how much stock any of these parties were to take, nor do I know how much Breslin took, or paid for, if any. I had no conversations with Wash. Cones, subsequent to my refusal to go into this matter, about the Kanawha Bank, and I know nothing about the bank, except what every person may know; nor have I had any part, in any manner, in circulating Kanawha money, neither upon the Eaton, nor upon the Hillsborough, or Marietta Railroads, nor any other place or institution.

I know nothing of any meeting or conference, either at the Burnet House, or any other house, at which Wash. Cones and Sam. Medary met with Breslin, to consult about making up funds to pay W. Cones' indebtedness to John G. Breslin. I agreed with W. Cones to be one of five or ten, to make up the then existing deficiency, and if necessary, to go as high as $10,000,—my object being to save Breslin from disgrace, who

had represented this to me, and was believed by me to be his only difficulty. I was bound for Wash. Cones, as security, in two bonds amounting together to $75,000, as cashier of the Bank of Kanawha; and also, on another, for the purchase of a foundry at Cleveland, and I was therefore interested in saving Wash. Cones. I also wanted to save the Democratic party from the disgrace of its State Treasurer committing a defalcation, as I had with friends been very active in his nomination. I never heard anything more of the above proposition.

I never heard anything of any note, signed by Breslin, for $25,000, or any other amount, upon which W. H. Gibson was to be the indorser, and the proceeds of which were to be sent to Breslin in New York; nor did I ever have any such a note in my possession, nor did I ever see Gibson, or have anything to do with him. I was simply introduced to him after his election. The only promissory notes of Breslin's I ever had in my hands, were notes sent from Kanawha to me by Wash Cones, in a letter, requesting me to give or send them to Breslin, which I did. I did not examine the notes as to their amount, number, or date, but think they were about $20,000, and I forwarded them without delay. I do not know why they were sent to Breslin through me.

The promissory note or notes of mine to which Wash. Cones alludes in his letters or conversations, are accommodation notes loaned by me to him for his use and accommodation. I loaned him, at one time, nine $5,000 notes, at another time six of like amount, and at another time three, and whenever he wanted them, without fee or reward. They were discounted at various banks.

The Schouler note referred to by W. Cones was for $600 or $700, and indorsed by me for Schouler's benefit. It was discounted at Wash. Cones & Co., and was paid by Schouler

I never had any transactions with Breslin either at Cincinnati or Columbus. I never was at the State Treasury, either in day time or after night, except to talk politics, and this was when at Columbus attending political meetings. I never borrowed money of Breslin or any other public officer. I never lent any money to Breslin, nor had I ever any moneyed transaction with him, of any kind or any nature. If any public money has been had, or in any manner contributed to the Enquirer office, either from Breslin, or through W. Cones, I am ignorant of it. There is

no indebtedness from the Enquirer office, either to Wash. Cones or Breslin, at this time.

I never borrowed any money of Wash. Cones, except $500, and that was only for a short time. He never indorsed for me, nor lent me accommodation paper; the boot was always on the other leg. I never was interested in any speculation of Wash. Cones, nor was I to receive, nor have I received, any consideration of any kind, for my assistance as indorser, and the risks I run for him. I was to Wash Cones a totally disinterested friend. I had some business notes discounted at the Kanawha Bank, which were paid at maturity.

As to the directorship in the Trust Company, Mr. V. Worthington wanted me to become a director. I declined. Samuel B. Keys was selected subsequently for the vacancy tendered to me. I know nothing of the influences which induced them to select S. B. Keys. There were no political considerations involved in Mr. Keys' selection, so far as I ever knew or heard of.

I know of no investments made by Breslin or Gibson of any public money, anywhere; nor of any property these individuals have in this city, or anywhere else. I know of no moneyed transactions which Breslin had with Sam. Medary, either directly or indirectly; nor of any money furnished S. Medary, which, in any manner, came from Breslin or Gibson, or any other public officer; and I repeat, that I never had any financial transaction of any kind whatsoever, with any Treasurer of State, or any other State officer.

I know no other fact, that would be likely to throw any light upon the several subject matters with the investigation of which this Commi-sion stands charged; nor can I now remember anything that will aid you in your investigations. I have above stated all I know in reference to the several subjects with whose inquiry this Commission stands charged.

WASHINGTON McLEAN.

Testimony of Henry P. Bowman, taken before the Commission, at Cincinnati, Augvst 10, 1858.

H. P. Bowman, after being duly sworn, deposeth and says:

I was the Treasurer of Hamilton county from the 2d of June, 1854, until the first Tuesday of June, 1856. My sureties were John H. Gerard, John Schenck, Washington McLean, Joseph Cooper, James Reynolds, Andrew McKewan, Henry Debolt and William Hiatt. The bond was for $300,000. There was no agreement or understanding with any individual or corporation, before my nomination and election, as to the place or manner of keeping my deposits. Wash. Cones was not in favor of my nomination at first, and I do not know that he was in favor of it at any time.

After my election I was requested by several parties to make deposits with them. Mr. John Groesbeck requested me to deposit with him, and I did so, as he was the depository of the city funds, and I considered his firm entirely responsible, and one of the best in the city. Wash. Cones requested me to make deposits with his concern, stating that Mr. Breslin, the State Treasurer, kept an account with him. I did make a deposit with him of about $5,000, which was, however, soon drawn out, as there was not money in the Treasury to permit deposits to remain long undrawn, the building of the court house and other charges upon the Treasury entirely exhausting all the funds. Hatch and Langdon had, by some arrangements with the county commmissioners, taken up a large amount of county orders, say $100,000 or $150,000, and my reply to the frequent solicitations of Cones for deposits, was that these orders should be first paid, and their payment would absorb all the money I had to deposit. I made a deposit with Hatch & Langdon, as I considered the county under obligations to them for their taking up the county orders. In November, 1854, Breslin and Cones called on me, Breslin stating he wanted money to buy exchange, and that Mr. Cones could purchase it cheaper than he could. I then had a deposit with Cones of about $9,000. I replied that I had some $35,000 with the Trust Company, which was the amount of its tax, and would transfer it to Breslin or Cones, if I could get the proper receipt from the State, which was promised me. I therefore gave a check for that amount, but whether to Mr. Breslin or Mr. Cones, I cannot state, as the check was given by Mr. Hazlewood. I think it was handed to Breslin and he handed it to Cones

At the same time I made a further arrangement with Mr. Breslin to pay him $50,000 additional, on or before the 20th December, and in pursuance of it, I deposited with W. W. Cones & Co., at various times before that day about $50,000. These deposits were made in my own name. On the 20th of December Mr. Cones brought an order from Mr. Breslin for the $50,000, which was transferred from my account to Mr. Breslin, a check being given for it, leaving at the time, a balance in my favor of $8,000 or $9,000. Subsequently to this, I continued my deposits with Cones & Co., as Breslin had told Mr. Hazlewood, that any arrangement made by Cones, would be confirmed by him, and Cones had said to me that he would or had made an arrangement with Breslin for a deposit of $100,000. The account continued, I depositing and checking out as my convenience demanded, until about the 19th March, 1855. On that day I checked for $70,000 in favor of Mr. Breslin, for which amount Cones gave a certificate of deposit. On the 23d March, 1855, my clerk, Mr. Hazlewood, went to Columbus, and paid Mr. Breslin on account, $150,000, the Auditor of the county not having made up the settlement sheet at that time, so that a final settlement could be made. This amount of $150,000, consisted of a check on the Trust Company, of $59,000, Kanawha money $21,000, certificate of deposit of W. W. Cones & Co. of $70,000—making together the $150,000, for which sum I obtained Mr. Breslin's receceipt as Treasurer of State. I knew nothing of the non-payment of the $70,000 certificate of deposit, until I received notice of protest; but on the contrary, was informed by Mr. Pierce, then a clerk with Cones & Co., in answer to an enquiry made of him, that it had been paid, or that he believed it was all paid. At the time that I drew for the $70,000, there remained to my credit a balance of $8,000 or $10,000, which I checked out as I needed it. In the November following these transactions, Mr. Cones again requested me to make deposits with him, but I informed him I had made up my mind not to do it; and a short time after that he failed. I received the notice of protest of the $70,000 certificate on the 19th of December. I consulted a lawyer upon the subject, who in obtaining from me a statement of the facts advised me to give myself no trouble about it.

Among those who solicited me for deposits with Cones & Co., was Washington McLean, one of my sureties, who assured me that Cones was perfectly honest, and worth at least $100,000, and would turn

out every dollar he possessed to make me perfectly safe. No other one of my securities requested me to make deposits with Cones & Co.

The following questions were asked by Mr. Reemelin:

Question. Did you deposit with or loan money to any of your securities, or make any investments with them; if so, with whom, and what was the amount and character?

Answer. I decline answering the question.

Question. Were you a partner of the firm of John H. Gerard & Co., or of Wm. Hiett?

Answer. I decline answering.

Question. Were you buying hogs or packing pork during the term of your office?

Answer. I decline answering, because my private business is not the subject of investigation by your commission.

Question. Did you use the public money in your private business, in any manner whatsoever?

Answer. I decline answering that question also.

Question. Where were the public moneys kept besides the places named by you?

Answer. I had deposits with Smead's Citizens' Bank, and Howard Matthews, banker.

Question. Did you loan any public money to any person?

Answer. I deline answering that question.

Question. Do you now owe Hamilton county, or any person claiming through the county, any public money?

Answer. I do not owe the county anything, neither is there any claims against me, arising out of my official transactions, of any nature, to my knowledge.

Question. Through what channel, or on what day, did you receive the Kanawha money above alluded to?

Answer. Cones brought to me, on several occasions, some packages of Kanawha money, requesting me to give him other currency for it, which I declined doing; but receiving assurances from him that the money was perfectly good, that the Trust Company received it, and that Breslin would also receive it, for he was obliged to protect the circulation of the bank, as he was a part owner. I consented, upon these representations, and influenced by the frequent importunities of Cones, to

make the exhange with him; but as soon as possible thereafter, paid the money to Breslin as a part of the $150,000 above stated.

Question. Did you receive any interest, allowance or bonus, in any way, from any banker or depository, on your deposits with them?

Answer. I made no arrangement, no agreement, for interest, with any body. I, however, received from W. W. Cones & Co., a certificate of about $1,200, which I supposed was an allowance of interest. The certificate I deposited with him, and checked out the amount afterwards. I also received from other parties small amounts, as an allowance, or for interest, whichever it may be called; but not in pursuance of any arrangement or agreement for interest, and all payments of this character were merely gratuitous, as I made no claim nor request for them, in any manner. This is the case with Groesbeck & Co., the Trust Company, and others with whom I made deposits.

Question. Did you ever purchase or speculate in county orders?

Answer. I did not.

Question. Did Gilmore & Brotherton pay their taxes through or to W. W. Cones & Co.?

Answer. I think their tax was paid to W. W. Cones & Co., and credited to me as a deposit for the amount, about $5,000, and perhaps others may have paid in the same way, but I cannot now say positively.

H. P. BOWMAN.

Testimony of Charles Thomas, taken before the Commission, at Cincinnati, August 11, 1858.

Charles Thomas, after being duly sworn, deposeth and says:

I was the Treasurer of Hamilton county from June, 1852, to June, 1854. My successor was Henry P. Bowman. I had several depositories of the public money during my official term, among them, the Ohio Life and Trust Company, Hatch & Langdon, Groesbeck & Co., Ellis & Morton, and their successors, Ellis & Sturges, and others.

The first year, I think the Trust Company had the largest deposit of State funds, and Groesbeck & Co., and Hatch & Langdon, the next largest. The second year, the largest deposit of the State funds was

with Ellis & Sturges. It was not at the solicitation or request of Mr. Breslin that I made deposits with them, or any other firm, but of my own accord I may have been solicited by others to make deposits, but I was not influenced by them, and exercised my own judgment in the matter.

In December, 1852, I received notice from Mr. Breslin, that on or about the 20th, he would draw on me for $80,000 to aid him in the payment of the January interest. He did so draw, and the amount was paid to Daniel Beckel, of Dayton, according to my present recollection, by a check on some of my depositories. I did not at first think this a legitimate transaction, but upon inquiry, was satisfied the State Treasurer had a right thus to do. There was a similar transaction, through the same party, I think, in 1853, for $80,000 or $90,000. As my deposits accumulated with Ellis & Sturges, during the fall and winter of 1853 and 1854, I advised them that on my settlement with the State Treasurer, I should draw upon them for the State tax, for $150,000 or $200,000. They were anxious I should not draw for the full amount at one time, and on advising with Breslin, he informed me he should not want it all at once. In my settlemment with Breslin, I paid him about $150,000 through Ellis & Sturges, but whether I gave him a check for that amount, or whether I had previously obtained a certificate of deposit with them, I cannot state. I am confident, however, that I paid him the amount due the State through Ellis & Sturges; but whether Mr. Breslin left the money on deposit with them, I do not know; nor whether he ever obtained it, but I suppose he did, as I never heard anything to the contrary. I never made any inquiry of either of them on the subject. Mr. Breslin did not seem to be solicitous as to my depositing with Ellis & Sturges, or with any other party, but seemed, on the contrary, to be quite indifferent on the subject. I suppose the amount was paid, as he stated, that although he should not want the whole amount at one time, he would draw it out in amounts of $20,000 or $30,000 in a short time.

As county treasurer, I never received any interest on deposits, nor any allowance, nor bonus in presents.

The following question was asked by Mr. Reemelin:

Question. Did you receive between $1,100 and $1,200 from Ellis & Sturges, or any other amounts, from these depositories, as interest on deposits?

Answer. That is my private business, and I decline to answer. I accounted to the State in full for all moneys received, met myself all the losses incident to the office, and do not consider my private transactions the proper subject of inquiry. I never used one dollar of public money in my private business, neither did I myself or through others, use or in any way do business therewith. None of the depositories named were my securities.

CHAS. THOMAS.

Testimony of E. F. Gaylord, taken before the Commission, at Cleveland, July 29, 1858.

E. F. Gaylord, after being duly sworn, deposeth and says:

I was one of the original subscribers to the stock of the Canal Bank of Cleveland. I was its first president. I gave my note for $500, as my first payment towards my stock subscription of $10,000; the balance of the stock I transferred to Mr. Mann, and the note was not paid, and I disposed of all the remainder of my stock finally, without ever having paid anything on my stock, on getting my note back. I had an agreement with Mr. Mann, that any time I wished it, he was to take my stock off my hands. Mr. Mann was, so far as I know, the chief person in getting up the bank. Mr. Mann came, I believe, from Oberlin, where he had been in business selling goods. The reason, as far as I remember, for not commencing business as soon as we organized, was, that the necessary plates for circulation were not prepared. I never attended any meeting of the Board of Directors, nor do I know that any ever was held, except at its first organization. I do not know whether the entries on the journal, about the coin and other means on hand, were correct, as they are now shown to me on pages 1 and 2 of journal, July 9, 1845. S. H. Mann was the cashier, and T. C. Severance, clerk.

I had no particular interest in going into the understanding with Mann, and subscribing my stock under it. I was told that my duties would be few and simple, and I believed it would give me a little income without much personal trouble. Mr. A. St. John was represented to me as a man of means and capital, and that he would furnish the capital for the

bank; Mr. Mann not being a man of much means; and, in my opinion, Mr. St. John really owned Mr. Mann's stock. I was not aware that the stock was taken in Mr. Mann's name.

Mr. St. John was not a resident of Cleveland; I had an impression that he lived in New Jersey, and had been connected with banks in that State. I saw him but once, some time after the bank went into operation.

The reason for my resignation, and the transfer of the bank from the St. John interest to that of Lake, was, that the bank was to have been sold for some reason unknown to me. Mr. I. L. Hewitt was my successor. I do not know, whether or how much bonus or discount was paid at the time the bank was so transferred. I do not know how the first circulation was obtained, nor who furnished the State stocks for the same. I was one of the assignees to whom the assets of the bank was assigned on its final dissolution. Mr. Huntington had been first appointed, but resigned, and I was appointed in his place. I was assignee but a short time, and did not become very familiar with the assets. I heard that the bank lost through McMillen and Matthew Johnson. The loss through McMillen was from $20,000 to $25,000,—at least so I heard. The claims were against McMillen and the Bank of Akron, and against Johnson and the Bank of Toledo; and it was supposed that something would yet be made out of them. The bank was also said to be the owner of a large lot of land near Toledo, on which there would be a loss. The property was held jointly with the bank at Toledo. There was also a robbery committed some time ago. These losses I heard of the officers of the bank, and do not state them from my own knowledge. I had the impression that Mr. Hewitt owned a large share of the stock of the bank when it failed, but do not know it of my own knowledge.

E. F. GAYLORD.

In continuation of the testimony of E. F. Gaylord, he states as follows:

One of the inducements with me to enter into the Canal Bank organization, and become one of its stockholders, was the statement to me by Mr. Mann, that Mr. St. John would furnish all the money necessary to start the bank, and it was not therefore necessary for me to pay in any.

E. F. GAYLORD.

Testimony of Isaac L. Hewitt, of Cleveland, taken before the Commission, July 29, 1858.

Isaac L. Hewitt, after being duly sworn, deposeth and says:

I think in the year 1849 or 1850, I was president of the Canal Bank of Cleveland. I became such March 1, 1848. I bought $500 of stock of Joseph S. Lake. I gave my note for it, either to J. S. Lake or the bank. I had no other stock except that, until the January preceding the bank's failure. I then bargained for a number of shares equal in amount to $30,000. I bargained for it with the bank. The bank had a claim against J. S. Lake, and for that claim, amounting to $180,000, the bank took $93,000 of its stock held by him, and some property in Toledo at $40,000, and some stock in the Akron Bank, and the Commercial Bank in Toledo—about $50,000. I bargained to take of the Canal Bank, stock to the amount of $30,000, and this stock I now hold. I paid it, as agreed, by relieving the bank of its liabilities to an equal amount. The liabilities were money borrowed by the bank from different institutions east, principally the Stark Bank at Bennington, Vermont. I do not now remember the name of any other. These liabilities consisted in the shape of time drafts, and were incurred by borrowing its circulation. Matthew Johnson, J. W McMillen, and T. C. Severance, got the balance of the Canal Bank stock. Johnson and McMillen had each $30,000. So far as I know, these gentlemen yet hold this stock. The remaining $10,000 were held: $4,500 by Wood, $2,500 by the five directors, and $3,000 by the bank, but intended for T. C. Severance. Of this $100,000 of stock, $50,000 was original capital stock, and $50,000 represented the stocks furnished by stockholders, or so called circulation stock. I did not understand, nor do I now understand, how this circulation stock was created. I trusted to M. Johnson and McMillen, who were experienced bankers, that there was some value to this circulating stock, and that it represented assets accordingly. I also trusted to them as to the value of the property at Toledo. I cannot answer, whether I or any stockholder ever contributed towards this circulation stock, nor do I know whether any earnings of the bank were ever accumulated for that purpose. I attended very little to the actual transactions of the bank. The cashier was the active officer. I had a general knowledge of its business, but its details were little known to me. The only way I could have contributed to the circulation stock, was by assuming the liabilities and

meeting them, as already explained. I do not know how the original State stocks for the circulation of the bank were obtained. When I went into the bank, no statement was furnished us, nor do I know the actual amount of State stocks owned by the bank.

I do not remember who first informed me of the excess of circulation. I cannot answer anything about it, for the reason already stated, that I was very little acquainted with the minutiæ of the bank. I kept no account of the bank notes I signed, nor did I pay any attention to the amount of stocks deposited with the State Treasurer, nor the amount of circulation obtained from the Register's office at Columbus. I have made no examinations into this matter since the failure, nor previous. I do not know, of my own knowledge, how the excess arose. I have heard that there was a transaction between Breslin and McMillen. I do not understand it well enough to state it. I may have heard, that Breslin holds some stock in our bank, as a part of that of McMillen.

I never heard a suspicion that there was any over-issue previous to my becoming president of the bank, nor did I ever hear it stated or hinted at, that the stocks deposited with the State Treasurer, or any part thereof, were not really purchased by the bank, nor its real property for the legitimate purposes for which they were there. As to the manner in which any circulation got into the bank, and how it was entered into the books, I cannot answer, as I never paid any attention to the books, and to their manner of keeping them. I do not know to whose credit any of them went.

I. L. HEWITT.

[COPY.]

CLEVELAND, Ohio, July 7, '46.

Memorandum of agreement between S. H. Mann, Cashier, for the Canal Bank of Cleveland, and the Fund Commissioners of the State of Ohio. The Fund Commissioners have made a loan of said bank in the sum of twenty-one thousand two hundred and seventy-six dollars, payable in the city of New York, on the 15th day of August, 1847, giving their note for said sum, and placing with said bank Ohio domestic stocks in the sum of twenty-one thousand two hundred and sixty six dollars, as collateral security for said loan; and do hereby agree, that the proceeds of said note discounted, to-wit: twenty thousand dollars shall re-

main on deposit in said bank, until the 15th day of August, 1846, unless, in the judgment of the Fund Commissioners, the interests of the State shall sooner demand a withdrawal. The said Canal Bank agrees to continue said loan for one year beyond the 15th day of August, 1847 upon the payment of the interest thereof in advance, if the said Commissioners shall desire it; and also to furnish said Commissioners drafts upon New York at par for currency, when said note shall become due, in an amount equal to said note; and further, upon the payment of said note or loan, to return said hypothecated stocks to the said Commissioners, or others of equal value of the said domestic stocks; and said bank generally agrees to account for said stocks to said Commissioners at their par value.

E. N. SILL,
Acting Fund Commissioner—Fund Commissioners.

(Signed) S. H. MANN, *Cashier.*

[COPY.]

CLEVELAND, Ohio Oct. 1, 1846.

Memorandum of agreement between S. H. Mann, Cashier for the Canal Bank of Cleveland, and the Fund Commissioners of the State of Ohio.

The Fund Commissioners have made a loan of said bank, in the sum of twenty-one thousand two hundred and seventy-six dollars, payable at their office in Cleveland, on the 15th day of December, 1846, giving their note for said loan, and placing with said bank Ohio domestic stocks in the sum of twenty-one thousand two hundred and seventy-six dollars, as collateral security for said loan; and do hereby agree that the proceeds of said note discounted, to-wit: twenty thousand dollars ($20,000) shall remain on deposit with said bank, until the 15th of December, 1846, unless, in the judgment of the Fund Commissioners, the interests of the State shall sooner demand a withdrawal. The said Canal Bank agrees to continue said loan for one year beyond the 15th day of December, 1847, upon the payment of the interest thereof in advance, if the said Commissioners shall desire it; and further, upon the payment of said note or loan, to retutn said hypothecated stock to said Commissioners, or others of said domestic stocks of equal value; and said bank agrees generally to account for said stocks to said Commissioners at their par value.

(Signed) E. N. SILL, *Acting Fund Commissioner.*
S. H. MANN, *Cashier.*

Statement of J. W. McMillen, in relation to the Canal Bank of Cleveland.

I attach hereto a printed extract from the report of the Treasurer of the State of Ohio, in regard to the Canal Bank of Cleveland, with which my name is connected. I will here state:

1st. I never called (as stated by Mr. Breslin) at the Treasury or any other place, and asked him whether he had received $50,000 or any other sum of Ohio State stocks, on account of the Canal Bank; neither did I ever state to said Breslin that $50,000 stocks had ever been purchased of Atwood & Co., or any other person; and no such transaction ever entered my mind till I saw this publication.

2d. I never requested Mr. Breslin to have that amount of notes signed and registered for immediate delivery—never called and asked if the bonds had arrived—never requested Breslin to let me take $18,500 (as he states) that he had numbered and registered, or any other sum—in fact, never received a dollar of Canal Bank notes of Breslin to carry to the bank, or for any other purpose.

3d. The only transaction I ever had with Mr. Breslin in regard to the "Canal Bank," was in April, 1854; and at the request of the bank, I wrote to Mr. Breslin, enclosing stocks as therein named, as follows:

"AKRON, April 27, 1854.

J. G. Breslin, Esq:

DEAR SIR:—I hand herewith the following certificates of stock:

Nos. 2372, 2873, 2874, 2875 and 2876, in Cleveland & Pittsburgh Railroad Company, 40 shares each, 200 in all	$10,000
Also, 97, 98, 99, 100 and 121, in all 100	5,000
Also, Certificate No 34, Canal Bank of Cleveland, W. J. Gordon 50 shares	5,000
Also, Certificate No. 35 Canal Bank of Cleveland, L. H. Bishop, 50 shares	5,000
In all	$25,000

To be held by you as collateral security for any notes you may send the Canal Bank of Cleveland, prior to the deposit of the State bonds, which circulation is only to be used to buy State bonds, and the same to be handed over to you. On the surrender to you of same amount of State bonds as circulation delivered, the enclosed collaterals to be returned to me. You will please forward as soon as you can, say fifteen

to twenty thousand dollars of Canal Bank, Cleveland notes, to said bank. I can send more collaterals, but thought the amount you would furnish would not exceed twenty thousand dollars before you would be having bonds of the State sent you. Please send me proper vouchers for the enclosed.

Yours, truly,

J. W. McMILLEN.

The foregoing letter closed my business in regard to circulation, and all further transactions in regard to the delievery of registered notes, and the return of State bonds were with the bank, and of which I have no knowledge.

The Cleveland and Pittsburgh Railroad stock, $15,000, belonged to me. The Canal Bank stock, $10,000, was handed me by the bank, and for which I gave it a memorandum. The railroad stock stood in my name on the books of the company at Cleveland. I have a letter from the secretary of the company, E. Rockwell, Esq., dated 22d of January, 1859, showing that the corresponding numbers of the certificates I sent Mr. Breslin were transferred on the 20th of July, 1855, to Bartlit & Smith, of Columbus; and by them transferred to John Thompson, New York, on the 22d of August, 1855. Of whom Bartlit & Smith received this stock, or for whose benefit it was sold, I know not. I only know *it was the identical stock to Breslin*, and for which I have never received either the stock itself, or any equivalent, but am to this day a loser to the value of that stock in this transaction.

J. W. McMILLEN.

State of Iowa, Lee county, ss.

Before me, Geo. C. Lee, a Notary Public, in and for the county and State aforesaid, personally appeared J. W. McMillen, to me well and truly known, who being duly sworn, upon oath deposes and says, that the facts set forth in the above and foregoing statement signed by him, are true and correct, as he verily believes.

In testimony whereof, I have hereunto set my hand, and affixed my seal notarial, this 10th day of February, 1859.

[SEAL.] GEO. C. LEE, Notary Public.

CANAL BANK OF CLEVELAND.

Since my last report it has been discovered that there is an over-issue by this bank of some $18,500. As there was a surplus in my hands after redeeming what was legally outstanding, I continued to redeem these notes, till the last dollar was exhausted. There remains still unredeemed, and for which I have granted certificates, $12,869.

When this over-issue was discovered, J. M Armstrong, the receiver, visited Mr. Breslin in Canada, to learn, if possible, the history of his transaction. Mr. Breslin's version of the matter, as I learn from Mr. Armstrong, is this :

A few months previous to the failure of the bank, a Mr. McMillen, of Akron, who was largely interested in the bank, came into the Treasury, and inquired if he (Breslin) had received $50,000 of Ohio State stocks on account of the Canal Bank of Cleveland, and on being informed that no such stocks had arrived, manifested considerable surprise, remarking at the same time, that they had bought that amount of stocks of Messrs. Atwood & Co., and had ordered them transferred, and forwarded to this office, immediately, as they were in great want of circulation. He requested Mr. Breslin to have that amount of notes signed and registered, so as to be ready for delivery immediately on receipt of the bonds. Mr. Breslin ordered the register to prepare the notes. The next day, Mr. McMillen called again, and inquired if the bonds had arrived, and being answered in the negative, requested Mr. Breslin to let him take the amount of notes which had been numbered and registered, $18,500, that the bonds would certainly arrive that day ; that Messrs. Atwood & Co. had probably sent the bonds to the bank at Cleveland, instead of direct to the Treasury as requested, and that the bank would send them immediately on arrival. Relying on this statement, he gave him the circulation, but the bonds never came.

The receiver thinks the books of the bank corroborate in part this statement. About this time, the cashier, Mr. Severance, credited himself as a depositor to this amount, $18,500. Had he charged circulation account as he should have done, it would have shown a discrepancy between his circulation and stock account. Had he put it in circulation, without crediting himself, or some one else, his cash account would have been over that amount. To avoid these difficulties, like a very shrewd

book-keeper, desirous of covering up a very dirty transaction, he credited this amount to himself. He afterwards charged himself, and credited the same to Mr. Hewitt, the president. After the failure of the bank, Mr. Hewitt claimed this credit among others, as an offset against his bills payable, and it was allowed him by the receiver; no suspicion of this transaction having existed at the time. Suit has been commenced against the president to recover back this amount. Should it be recovered, it will be ample to meet the over-issue, and leave a balance for the general creditors.

Testimony of Matthew Johnson, of Cleveland, Ohio, taken before the Commission, February 2, 1859.

Matthew Johnson, after being duly sworn, deposeth and says:

I was a stockholder of the Canal Bank of Cleveland, at the time of its failure. I became such for $30,000, January 6, 1854. At that time I was requested to meet at the office of the bank certain of its friends, with a view to reconcile differences then existing between them. I did so, and found Hewitt, then president of the bank, and J. S. Lake, the principle stockholder of the bank, and others. The difficulty I was called to aid in settling, was between J. S. Lake and the bank, growing out of Lake's large indebtedness to it. Various propositions were made,—the object of all of them being to relieve the bank. After much consultation, it was found, that the difficulty could not be settled between the parties, the bank being in great jeopardy in consequence of the inability of Lake to meet with money his liability to it. In all our conversations, it was represented to me by all the parties in interest, that the capital stock was good; and this induced me to make a proposition solely for the purpose of reconciling the parties. The proposition was, that I would take $30,000 of the stock, McMillen to take the same amount, and Hewitt a like amount; and ten thousand dollars were to be held by T. C. Severance, and other persons, directors. The amount of the stock of the bank was always stated to us at $100,000, of which J. S. Lake claimed to own at least $90,000.

Hewitt, McMillen and myself, assumed J. S. Lake's position in con-

nection with the bank. We took his stock, said to be $90,000 as above. I paid $20,000 in cash, and gave a draft for $10,000, which is not yet paid.

Lake conveyed to the bank, in part payment of his indebtedness, a large tract of land near Toledo, taken to be worth $70,000. Lake owed the Commercial Bank $30,000, and I agreed, being made trustee, to pay to the Canal Bank anything left of the proceeds left from the sale of the land, after paying the Commercial Bank—the remainder being expected to amount to $40,000.

The land is now held by the Board of Control, being conveyed by me to it, subject to the claim of the Canal Bank. It is my opinion that very little will be realized, by the Canal Bank, out of this claim.

The $90,000 of stock which we were to take, and did take, was represented to us as bona fide capital for which money had been actually paid in, and which was owned by J. S. Lake. That stock was to be transferred to us on the books of the bank, and I understand that one dividend was declared on it, and my share credited to me, which, however, I never received. I was a stockholder ten months, have paid $20,000 in cash, and have never received from the bank one cent.

By some arrangement between E. N. Sill and Mr. Lake, in the summer of 1850, I got a loan of $100,000 from Mr. Lake, which I repaid by a check on the American Exchange Bank in New York, the check being drawn in favor of E. N. Sill, and the amount paid by me being $101,500. I had no conversation upon this subject with Sill. It was not the result of any arrangement between Sill and myself, nor did it grow out of any transaction between Mr. Sill and myself, or with the Commercial Bank of Toledo, through deposits or otherwise.

I know nothing whatever of the over-issue in the Canal Bank—how it occurred, nor by whose agency.

The Commercial Bank of Toledo was a depository of State funds while J. G. Breslin was Treasurer. I was its cashier. The deposit was made at my solicitation. When the bank failed, there was a balance due to the State Treasurer, the amount of which I do not now remember; but it is correctly stated in the public reports. I never paid any interest to Breslin for deposits, nor to Bliss, nor to Sill, unless the $1,500 paid on the $100,000 as above, is interest. I never had any transactions with

any State Treasurer, except as cashier of the Commercial Bank of Toledo. I know of no bank stock held by any State Treasurer in any bank with which I have ever been connected; nor do I know who has one dollar of the money for which former State Treasurers are in default. I do not owe Mr. Breslin anything, nor do I know anybody that does.

M. JOHNSON.

Testimony of H. S. Flynt, of Sandusky City, Ohio, taken before the Commission, July 24, 1858.

H. S. Flynt, after being duly sworn, deposeth and says:

I am president of the Sandusky City Bank. The entries taken from the books just now, are the true entries, and are correct, as far as I know. I know of no reason to doubt them.

The $10,600 certificate of Ohio State stocks, which lies in the State Treasury, was originally given as collateral security for $10,000, borrowed by the Fund Commissioners, of this bank, with one year's interest added. It seems this indebtedness was paid, without lifting the certificate given as above, and without returning and burning a corresponding amount of circulation. The original transaction arose before I had any connection with the bank. The last payment was made July 27, 1849, after I became cashier. I did not know the history of the matter, and after the $9,484 were paid, called upon the Treasurer of State to learn what amount of State stocks we had in the office as security for our circulation, and was informed that there were $53,000. I did not see the stocks myself. I saw that they did not correspond with the amount on our books. I did not inform the Treasurer of State (Bliss) of that fact. I did not know but what the discrepancy arose from former transactions between the bank and the Fund Commissioners. I did not know to whom the excess of State stocks belonged, over and above those which our books showed belonged to the bank. I have only learned the true fact through the investigations made by Mr. Collins, of the State Treasury.

Mr. A. A. Bliss never had any interest in this bank to my knowledge. I cannot tell whether any interest or other consideration was paid to Bliss for deposits. We certainly expected to pay, and did pay, the State some

consideration for deposits,—most likely by furnishing exchange at par. Breslin and Gibson did not deposit with us.

J. G. Camp was our president from 1853 up to 1857. I had no knowledge of the business accounts between Camp and Breslin. Camp did not, to my knowledge, deposit for Breslin in our bank in his name. Camp's transactions with our bank indicate only his own private business. The Mansfield Railroad did its business with us, and borrowed of us. We have met with a loss through that railroad. I decline to state the amount. Some of the directors in that road, were directors in our bank; and Camp was president of that road, and our bank.

I have no positive knowledge, that Camp was interested with Breslin in the Elkhart County Bank. I only know that Camp was its president, and that his signature is to the notes issued by it. I do not know any thing of Camp's connection with the Tiffin and Fort Wayne Railroad. I had an interview with Camp when he was here recently. The subject of our interview was mere casual conversation. The object of his business west was, as far as I know, simply business of the firm with which he is now connected. I do not know whether it had any relation to matters connected with the Breslin-Gibson defalcation in the State Treasury, nor with any business connected with these men.

I do not know of any money borrowed by Camp of Breslin, or Gibson, nor of any business they carried on on joint account; nor do I know of any transaction in which Camp, either merely nominal, or in fact, was the cover for Breslin; in truth, I know nothing of any of Breslin's or Gibson's business or investments with Camp, or through him, directly or indirectly, or with any body else.

The $10,600 certificate of State stock has been there during Bliss', Breslin's, Gibson's and Stone's administration of the Treasury. Neither of them, up to April last, informed me that the certificate was improperly there, and that we had any excess of circulation beyond what was covered by State stocks really, and in fact valid security for it.

H. S. FLYNT.

JOURNAL ENTRIES ON CREDITOR SIDE.

1846.

Oct. 1, Cash to Safety Fund:

Dom. O. Bond deposited with State Treasurer $10,600

1847.

January 29, Cash to E. N. Sill:
Certificate retd. by W. W. Wetherell $10,000
June 2, Cash to E. N. Sill:
Discount No. 293 10,600

1849.

Febr. 15, Cash to bills receivable:
Fund Commissioners' note returned to them 10,600
21,200
21,200

July 23, Safety Fund, Credit:
By charges opp. to Treasurer of State $53,066
State stocks deposited with Treasurer of State as security for circulation. These entries are made to bring the account in proper shape on the Ledger 53,066
July 27, To Ohio State stock, Cr.:
By amount redeemed by E. N. Sill, f. cr. 9,484

JOURNAL ENTRIES ON DEBIT SIDE.

1846.

Oct. 1, Safety Fund to Cash:
Ohio Dom. Bonds deposited with State Treasurer $10,600
Sept. 24, E. N. Sill to Cash:
2 certificates dep. in Bank of Sandusky 10,000

1847.

June —, Bills receivable to Cash:
Fund Com'r, No. 293, Dec. 15, '47 10,600

1849.

Febr. 15, Safety Fund to Cash:
Am't Fund Com'rs' notes credited opposite 10,600
21,200
21,200

July 23, Treasurer of State, to $53,066
State stocks, to 53,066
July 27, City Bank of Col., Dr.:
To deposit by E. N. Sill, Fund Com'r 9,574

The Bank loans the State $53,000,—$9,500 is repaid, but the whole old debt is, by a neglect, or wilful violation of law, continued nominally at Treasurer's office.

IN BALANCE SHEET.

1846.		
Aug. 3, Safety Fund		$21,200
Oct. 1, do		31,800
Jan. 30		53,066
1849.		
Feb. 15, Safety Fund only on asset side		53,066
Liability for Safety Fund		66
Aug. 20, Safety Fund again on both sides		53,066
1849.		
Aug. 13, State stock	$43,582	
Sept. —, do	45,952	
Safety Fund is lessened to		$49,186
Aug. 31, do do		44,886
Capital stock increased		62,500

Testimony of Simeon Perkins, of Akron, taken before the Commission, October 21, 1858.

Simeon Perkins, after being duly sworn, deposeth and says:

I am president of the Cleveland, Zanesville and Cincinnati Railroad Company.

I never had any transactions of any nature with Mr. Bliss, the late Treasurer of State. I used to know him, and meet him casually, but had no business dealings with him.

As to transactions between our company and John G. Breslin, late State Treasurer, they amount to this: I had nothing to do myself with Breslin in the origin of the transactions. Mr. McMillen, our financial agent, told me that he had made a private arrangement, whose precise nature he was not at liberty to explain, by which he had got some funds; I cannot now say positively whether McMillen then told me the amount, and the person and place from which he had got it, or whether, learning subsequently the true facts, gave me the knowledge subsequently; but, at any rate, after the failure of the Akron Branch Bank, and the departure of McMillen, Breslin called upon me as president of the Railroad Company, claiming a settlement of an account between him and McMillen·

He exhibited drafts from McMillen, as treasurer of our company, on Atwood, Dunlevy & Co., in New York, and endorsed by McMillen, as cashier, for $42,500. They were dated January 19, 1854, and were payable July 1, 1854. Two were for $15,000, and one for $12,500. The following, as annexed to my testimony, contains the account as finally settled between me and Breslin.

I gave to Breslin our second mortgage bonds for $28,500, numbered as stated in Breslin's receipt, and a note for $49 88. Neither have been paid, nor any interest upon them. I have not seen the bonds, nor heard of them since I gave them to Breslin. I presume the date of Breslin's receipt is the day on which we settled.

Breslin had spoken to me upon the subject of the claim he held, in the summer previous. McMillen stated, just before he went away, in the spring following the failure of the bank, that the Railroad Company owed Breslin about $28,000, but we were not informed whether it was from Breslin, as treasurer, or as an individual, only that we should see it paid. I do not remember whether he explained the matter fully. I told Breslin, and perhaps McMillen, at least McMillen knew, that we could pay Breslin in no other way than through bonds. Our books show no other transactions with Breslin, and this only after the settlement with Breslin as aforesaid. I have not examined the books specially, but I think such is the fact. I never heard of any other transaction. I knew nothing of Breslin's private means, in fact, did not know him at all until the winter of 1855–6. I saw him first at Columbus in reference to this matter, having met him before, and he knowing me, and he broached the subject; this was early in the summer of 1856. Breslin spoke of it as a transaction which he wanted settled. He did not, I think, say anything about its being State money, but I surmised it was, having no facts to base my surmise upon. This casual meeting with Breslin was after McMillen had stated to us the fact as above.

I know nothing of the dealings between Breslin and McMillen, or the Akron Bank, except as above stated, nor any other facts bearing upon the several subjects with the investigation of which this Commission stands charged except as stated; nor have I any papers, letters, or other written evidence upon these matters beyond what I have exhibited to you.

I met Gibson, late State Treasurer, once. He introduced himself, and

spoke to me upon the matter. This was before the settlement. Gibson seemed to know about the subject. He wanted to know when it could be settled. I told him that they could have railroad bonds, and that we could settle in no other way. The conversation was very short, and took place at Akron, in the office of Messrs. Wolcott & Upson. I do not know whether Gibson came to Akron specially on this business. I met him accidentally at Wolcott & Upson's office.

SIMEON PERKINS.

Cleveland, Zanesville and Cincinnati R. R. Co,

To John G. Breslin, *Dr.*

Draft of January 19, 1854, due July 1, 1854	$15,000 00	
" " " " "	15,000 00	
" " " " "	12,500 00	
	$42,500 00	
Interest to Nov. 1, 1854, at 7 per cent	991 66	
		$43,491 66
Credit.		
July 1, 1854. Cash	$10,150 00	
Interest to Nov. 1, 1854	233 02	
August 16, 1854. Cash	3,000 00	
Interest to Nov. 1, 1854	43 16	
August 16, 1854. Cash	1,500 00	
Interest to Nov. 1, 1854	15 60	
		14,941 78
		$28,549 88

Received, Dec. 13, 1856, of the Cleveland, Zanesville and Cincinnati Railroad Company, their second mortgage bonds, No. 151 to 207 inclusive, for five hundred dollars each, and also their note for forty-nine 88-100 dollars, payable in one year, with interest from November 1, 1854, in settlement of the above account.

(Signed,) JOHN G. BRESLIN.

Testimony of G. B. Wright, of Newark, Ohio, taken before the Commission, September 10, 1858.

G. B. Wright, after being duly sworn, deposeth and says :

In addition to the testimony given by me to F. M. Wright, Auditor of State, August 1, 1857, I have to say, in reply to the interrogatories now put to me, that the bonds of the Sandusky, Mansfield and Newark Railroad Company, given by me to John G. Breslin, were Nos. 224, 225, 226 and 227; these were due in July, 1858, amounting to $2,000. Nos. 243, 244, 245 and 246, due July 25, 1859, amounting also to $2,000. Nos. 265, 266, 267, 48, 49 and 50, amounting to $2,300, due July 25, 1860. Nos. 68, 69, 291, 292, 293 and 294, amounting to $2,200, due July 25, 1861—making a total of $8,500. The bonds are coupon bonds, interest payable semi-annually on the 25th July and 25th January, at the office of the company in Sandusky. All the interest has been paid up to this time. The bonds due 25th July last, have not been paid. They probably will be paid during the year. I presume all the bonds will be paid at maturity.

As far as I know, the loan of $20,000 was made originally in July, 1854. I have not examined the books, nor found in them accidentally any trace of any previous loans from State treasurers, or Mr. Breslin ; nor is there anything in the books, to my knowledge, showing that Breslin's loan as above was a mere renewal of a pre-existing liability.

The settlement spoken of in my previous testimony, took place at Columbus. Camp was present with Breslin and myself. We arranged the terms with Breslin, but it was carried out through the trustee, C. T. Sherman. The bonds were given directly to Breslin. Breslin lost about $12,000 by the transaction.

The company paid interest up to 1854, but I do not know that any interest or other payment was ever made on the $20,000 loan, except the $3,000 mentioned in our testimony.

The $20,000 loan was put into the shape of New York bills payable 90 days after date, and were protested for non-payment. They did not bear interest by words expressed upon the notes, but in pursuance of law. Interest of 6 per cent. commenced to run after maturity, when they were not paid. There were no damages allowed. Our settlement was a lumping bargain. The name of the treasurer of our railroad company in Sandusky is A. M. Marshall. Wm. Durbin is the President

of the company. I do not know in whose hands the bonds are, nor do I know any other facts relating to the Breslin defalcation, except that Mr. Camp told me that he had been indebted to Breslin, and that he had transferred to Breslin a block of business buildings in Sandusky City, in settlement of the claim, in the vicinity of the St. Lawrence Hotel, on the opposite side of the street. I never heard Camp name the amount of his indebtedness to Breslin, nor do I know the value of the property conveyed. The date of the conveyance I do not know, but it took place after the defalcation became known, as I understood.

GEO. B. WRIGHT.

Testimony of John R. Hilliard, of Columbus, Ohio, taken before the Commission, December 16, 1858.

John R. Hilliard, after being duly sworn, deposeth and says :

I purchased, in April, 1854, of A. A. Bliss, lot No. 325, corner of High street and Elm alley, and gave for it $12,000 in the income bonds of the Columbus, Piqua and Indiana Railroad Company. When I bought the property, I gave a mortgage for $12,000, which was given to secure the purchase money, or rather the bonds that I had given for it, and the interest on the same, payable semi-annually. The Railroad Company failed to pay interest in 1854 or 1855, and then the coupons that had been transmitted to New York were sent back protested, to Bartlit & Smith, who were the agents of A. A. Bliss, and who held the coupons for collection. I paid the interest myself several times, and in 1855 or 1856, I sold the property to Bartlit & Smith, who returned me my bonds, and the mortgage cancelled. I do not remember whether the cancellation is in pursuance of an assignment to Bartlit & Smith by Bliss, or whether it is cancelled by A. A. Bliss himself. The bonds have since been again given to Bartlit & Smith as collateral for a mortgage that rested on a piece of property that I sold to Bartlit & Smith, on the east side of High street, near the depot.

Sometime in 1854 or 1855, as the Agent of the Columbus, Piqua and Indiana, Railroad Company, I endeavored to procure parties to take hold of our Railroad under a lease, and among others called on Wm.

Neil, Joseph Ridgway, and Bartlit & Smith. The latter expressed a willingness to go into the matter, provided the necessary funds could be raised; and the general outline of a lease was drawn up, and estimates of the cost of finishing the road, as well as of its earnings and running expenses, were made. The book containing the latter is hereby shown to you. It would have required about $200,000, to finish the road in addition to our own assets. The estimates show a profit of of $39,000 the first year, and $41,780 the second, and of $81,000 the third year, and so on increasing to the end of ten years, which was the termination of the lease.

One day I met Breslin at the depot, and he inquired about the condition of the road; he hoped the road would be maintained, and finished to its termini in Indiana; he said it was the road by which he went home, and he would like to see it prosper. I expressed my doubts as to the parties in negotiation with as being able to raise the funds, and that some of our directors were opposed to leasing. Breslin remarked, that there was no doubt but what the parties could raise the funds, as Smith had rich friends that could raise the money. Our directors could not agree upon the terms of the lease, and the matter fell through. The *Smith* spoken of, is B. E Smith, and the *Breslin* is John G. Breslin, late Treasurer of State.

JOHN B. HILLIARD.

Testimony of John Gardiner, of Norwalk, Ohio, taken before the Commission, July 15, 1858.

John Gardiner, after being duly sworn, deposeth and says:

I was Cashier of the Norwalk Branch of the State Bank of Ohio from its organization, and during the term of office of Albert A. Bliss, former Treasurer of State. Mr. Bliss, as Treasurer of State, had transactions with the bank, originating in deposits with the bank by the treasurers of Sandusky, Huron and Ashland counties, to his credit. These deposits with the bank remained to his credit until he directed their remittance to New York, which was done about the first of January and July. There may have been some of Mr. Bliss' checks paid, drawn against these deposits, but of small amounts compared with the remittances. An account with him as Treasurer of State, was kept in the

individual ledger. The bank had no private account with him. All transactions with him were official, and the account was closed at the expiration of his term of office, by payment to him in full. I had no other transactions with Mr. Bliss. If the deposits remained a sufficient length of time to justify it, we made his remittances to New York without exchange; if but for a short time, we charged the regular rate of exchange. This was the character of all our transactions with Mr. Bliss. There was never any agreement or arrangement between us and Mr. Bliss as to paying him interest on deposits; neither was any ever paid to him. He was not a stockholder in the bank.

The bank had an account with Mr. Breslin, as Treasurer of State, which was kept in the individual ledger. The credit arose from the deposits of our county treasurer, amounting in the aggregate to about $50,000, during all of his term of office, except $15,000, which was a deposit of currency by Mr. Breslin. About half of the amount thus credited, was paid in currency, and half in drafts upon New York. The deposit of $15,000 currency was in December, 1853. In September previous, I had forwarded to him that amount of our notes to be paid out by him here at Columbus. It was at the time entered upon the books to the debit of the Treasurer of State, and my object was to procure for the notes a general circulation. I do not know that Mr Breslin solicited this deposit, or that it was of any particular advantage to him. He was to return to me other currency for it in December. This was the only transaction of the kind with him. We considered the Treasury a good channel for general circulation, and having the currency unemployed, embraced this mode of distributing it. Occasional deposits were made in the bank by county treasurers, to the credit of Mr. Breslin, or to their own credit, and certificates issued therefor, which were paid to Mr. Breslin or his order, or the order of the depositors, on presentation. Mr. Breslin made no deposits of currency with me, taking certificates; nor deposit or exchange of drafts, to my recollection. He made no proposition to me to exchange the currency of other banks for ours. On one occasion, however, he inquired of me if Kanawha money would circulate in our vicinity; to which I replied in the negative. I never made a loan to Mr. Breslin, officially or individually, or a loan from him for any amount, except as appears from his account on the books of the bank or in the certificate account of the bank. Mr. Breslin had no

outside transactions, or investments, or speculations with me or the bank in any form; neither do I know, of my personal knowledge, of any of his transactions with others. I know of no operations of Mr. Breslin with any one that would involve the integrity of his conduct as Treasurer, or that would lead me to suspect the loss to the Treasury resulted from them.

The Mansfield and Sandusky railroad had a loan from Mr. Breslin of $15,000 or $20,000, but I cannot state whether the amount has been settled or not. I know of no fact, nor any matter not herein stated, that can throw any light upon the causes of the defalcation in the Treasury.

I know of no connection between the Tiffin and Fort Wayne Railroad and the Treasurer of State. Mr. Redfield was the principal contractor upon that road. He had previously been contractor upon the Toledo, Norwalk and Cleveland road, and had made between $75,000 and $100,000; and I know invested quite a large part of it in the Tiffin and Fort Wayne road. I have no reason to believe he had any connection with the Treasurers of State in his operations.

The failure of the Ohio Life Insurance and Trust Company, in my opinion, was owing to having an office in the city of New York under the control of one person, without an advisory board of trustees, who was authorized to use the credit of the company to an unlimited extent, in borrowing of money; also, in making loans upon such security as he deemed adequate; and the business of the office was not sufficiently attended to by the Cincinnati trustees. The New York office had borrowed nearly two millions of dollars on call loans of different banks and brokers, and placed in their hands as collateral, its own assets and the assets of its Western correspondents. The New York office had advanced to, and loaned in various ways, the Cleveland and Pittsburg Railroad Company, some $800,000; and the Cincinnati office had overdrawn on the New York office about $700,000 more; which, with other unavailable loans, at the time of the stringency in the New York money market in August, 1857, placed the company in a condition where it was unable to meet its call loans, causing a failure of the company, and a sacrifice, to a certain extent, of the collaterals pledged.

JOHN GARDINER.

John G. Breslin, Treasurer of State, in account with Norwalk Bank.

DR.

1852—October	25,	to currency	$2,500 00
1853—May	10,	to draft on Trust Company, N. Y., at 45 days	1,124 43
January	22,	" " " July 1	12,500 00
Sept.	21,	to cash by express	9,000 00
October	4,	"	6,000 00
Nov.	3,	"	5,000 00
Dec.	16,	"	3,900 00
"	19,	"	1,100 00
1854—March	15,	"	2,904 17
May	29,	"	4,800 00
			$48,828 60

CR.

1852—Dec.	21,	by deposit by E. E. Husted, Treasurer	$10,000 00
"	28,	by cash	2,500 00
"	28,	by difference in certificate returned	2,500 00
1853—May	9,	by Auditor of State on Husted, Treasurer	1,124 43
Sept.	28,	by draft on Edgerton	9,858 66
Dec.	19,	by cash	15,000 00
1854—March	11,	by certificate Sandusky City Bank	500 00
"	11,	" Union Bank	1,000 00
"	11,	" "	1,404 17
May	19,	by cash	4,800 00
July	3,	"	141 34
			$48,828 60

C. McMILLEN, Bk.

No account with Wm. H. Gibson.

Deposition of C. R. Deming, of Ashland county, taken before the Commission, September 16, 1858.

C. R. Deming, after being duly sworn, deposeth and says:

I was a member of the General Assembly of this State, during the sessions of 1850–51, 1852, and 1852–3. I was chairman of the Finance committee in the House, during the sessions of 1852 and 1852–3.

I never had, so far as I can recollect, any conversation with Messrs. Bliss and Sill about the legislation during these sessions. I had conversations with Breslin. He objected to one part, and one part only, of the sub-treasury bill, and that was the arbitrary examination of the Treasury by the Auditor of State. He alleged that there was a personal difficulty between himself and the Auditor, and the provisions of the bill looked like being gotten up to give the Auditor an undue control over him. He expressed himself willing to have any other provisions for examinations of the Treasury, except the one objected to by him. The bill passed the Senate. When the bill came into the House, a motion was made to refer it to the Finance committee, but strongly objected to, and the motion was finally voted down; whereupon, I resigned my position on the Finance committee, and took no further interest in the measure.

The original bill which led to the law now upon the statute book, being the act to define the duties of the commissioners of the Sinking Fund, was not drawn by me. I think that we had a bill before the committee, which was drawn by some one whom I know not, and that subsequently, Mr. Pugh, then Attorney General, presented us a bill differently drawn. I cannot tell which we adopted,—perhaps we made a new one out of both. Neither Mr. Breslin, nor Mr. Bliss, said anything to me in reference to this bill,—at least, I have no recollection of it.

The sub-treasury bill was lost by disagreement between the two houses.

Some time during my first session in the General Assembly, when I was present in the Treasury office, Breslin asked me whether the City Bank of Cincinnati was a safe institution, and a proper place of deposit for the funds of Hamilton county, and those of the State I replied, that I knew but little of the bank. Breslin said, Reznor, your brother in-law, is cashier or president of it. I told him that was so, but yet that did not make me acquainted with the affairs of the bank; that so far as J. P. Reznor was concerned, I could assure him it was all right as I knew him to be worth some $20,000 or $30,000. This was before there was any deposit made.

I know nothing about the settlement between Bliss and Breslin.

I know none of the attendant circumstances in relation to the introduction and passage of a resolution calling upon Breslin in reference to the condition of the Treasury on Breslin's accession to office, and whether

the balance due from Bliss was duly paid over. Mr. Sill requested me to write to him when a certain measure, I think the Fund Commissioners' bill, would be before the House. I wrote to him, and informed him of the time as near as I could.

Mr. Breslin once wrote me a letter to come to Columbus or Cincinnati, as the Cincinnati Bank was failing to meet its obligations. I did not go. I may have the letter at home; if so, I will send it down.

I heard Reznor say, that Breslin had given his bank the deposits, and that he would see to having them promptly paid when demanded or due.

The other members of the Finance committee of the House, were Daniel Beckel, Durbin Ward, Dr. Patterson, and another member.

J. P. Reznor now resides at Clinton, Iowa, and did belong to the Iowa Land Company. I do not know that Breslin has advanced Reznor any money.

I have stated all the facts within my knowledge, relating to the objects and purposes for the investigation of which this Investigating Commission was created, and especially everything in reference to any transactions known to me, between John G. Breslin, J. P. Reznor, the City Bank, and myself.

C. R. DEMING.

Testimony of Oran Follett, taken before the Commission, July 17, 1858.

Oran Follett, after being duly sworn, deposeth and says:

I was acquainted with Albert A. Bliss, former Treasurer of State, before he became Treasurer. I had but a general idea of the value of his property, and judged him to be worth from $6,000 to $10,000, at the time he entered upon the duties of his office. From my intercourse with him, and general knowledge of his official actions, I was impressed with the idea that he paid less attention to the duties of his office than I should have done. I had no knowledge or suspicion that he was purchasing real estate, or making other speculations, investments or loans, which would indicate a use of larger means than I believed him to possess; and I was greatly surprised to learn, a short time after he went out of office, that he was a defaulter. I had no conversation with him upon the subject of his difficulties, or in reference to his settlement with Breslin;

neither was I advised, or consulted with, about it. In fact, from April, 1849, when I left the office of the Board of Public Works, to the fall of 1853, I was only once in Columbus to stay more than a day or two, which was in February, 1850, and could therefore have had but little opportunity to know what was going on in the public offices, or what was transpiring, from day to day, before the General Assembly.

And I here take occasion to say, in reply to suggestions made, that I never had any intercourse with either Mr. Bliss, Mr. Breslin, or Mr. Gibson, which let me into a knowledge of the condition of their accounts with the Treasury; nor was, in any way, ever consulted by either of them, or by any of the Fund Commissioners, during their time, or subsequently, as to the means of preventing investigations into the state of their accounts with the Treasury, by legislation or otherwise. And I have no knowledge of any transaction of either Mr. Bliss, Mr. Breslin, or Mr. Gibson, with other parties, which has resulted in loss to the State, or by which it is possible to ascertain how the loss occurred, or who is responsible for it.

O. FOLLETT.

Testimony of James H. Beebe, of Columbus, Ohio, taken before the Commission, December 3, 1858.

James H. Beebe, after being duly sworn, deposeth and says:

I was the partner of Albert A. Bliss, former Treasurer of State, in the purchase of a city lot in this city (Columbus), being the lot on which my furniture store used to be kept, a few doors south of Town street, and on High street, 19 feet front. Each of us contributed his share of the purchase money. I do not remember when and where Mr. Bliss paid the money. It was not at the State Treasury. I subsequently bought of Mr. Bliss his half. The consideration named in the deed of Bliss to me is the correct consideration. I owe Mr. Bliss something on this, but do not now recollect the amount.

I am Mr. Bliss' brother-in-law,—he having married my sister. I came to Columbus after Bliss was elected Treasurer, but I knew him before he was elected. I was not familiar with the details of Mr. Bliss' property,

but supposed him to be in comfortable circumstances. I was aware of his owning a snug little farm in Lorain county, and a very good dwelling in Elyria. I knew of no bank stock he then held, nor of any of his other means if he had any; nor would I have been likely to have known them. I do not know of any purchases of real estate by Bliss during his official terms, except the above; nor of any investments of his in banks, railroads, or my other corporations.

I never held any stock in the City Bank of Cincinnati, nor any other Bank. I have a brother of the name of Joseph E Beebe, who lives in Jackson, Michigan. I never heard of his owning any stock in the City Bank of Cincinnati. I know of no dealings, nor investments made by Mr. Bliss with my brother, or of my brother for Mr Bliss.

Question. Did Mr. Bliss, at the time he went out of office, communicate to you his troubles, and if so, how long before going out? Also, state the nature and scope of the communications made to you?

Answer. I was in the habit of visiting at Mr. Bliss' house in the evening, and did visit there about the time of the expiration of Mr. Bliss' last term of office. I saw that, at that time Bliss and my sister were much depressed, but did not at first inquire the cause. One time my sister looked as if she had been weeping, and I then asked her what was the matter, but received no definite explanation at that time. At another time, I noticed both looking as if they were miserable, and then insisted on knowing their trouble. This was within two weeks of the expiration of his term of office, and may have been within a few days thereof. I was then informed, that there was an error in Bliss' books, and that his cash account was short, and that if the error was not discovered, it would take everything he had in the world to make up the deficiency. Bliss expressed a hope, that if the error was not found he would have enough to pay all, so that his bail would not suffer. I advised him to employ a book-keeper, which was done, a Mr. Levi G. Burnell being appointed. I do not recollect whether the amount of the error was stated at that time. Bliss named no means or other items from which he expected to pay his indebtedness. My sister said, she supposed they were in comfortable circumstances, but ruin now stared them in the face.

At the time the Breslin-Gibson defalcation was made public, I was in

this city. Mr. Bliss, at that time, resided in Elyria. He was on a visit at my house during the summer of 1857. I cannot tell whether his visit took place before or after the defalcation was made public. Breslin did not visit Bliss at my house, to my knowledge. Bliss was sick at my house for six or eight days, and was confined to his bed part of the time with the dyspepsia. I do not know the business that brought Bliss to Columbus during that summer.

Mr. Bliss has been here during this year, and within the last six months. He arrived one Thursday evening, and informed me that he came to appear before this commission, and that he was in time according to the summons. He told me that he had been informed that the Commission had adjourned till Monday, and that he could not stay over.

JAS. H. BEEBE.

Testimony of Dr. J. H. Coulter, of Columbus, Ohio, taken before the Commission, December 3, 1858.

Dr. J. H. Coulter, after being duly sworn, deposeth and says:

I was the physician of A. A. Bliss, former Treasurer of State, during his visit to this city in June, 1857. I attended him at the house of his brother-in-law, Mr. Beebe, from the 20th of June to the 30th. His sickness was an intermittent fever, caused by a cold and bilious derangement. I am positive that it was not a mere depression of spirit, nor caused by mental excitement.

John G. Breslin came to see Mr. Bliss while I was attending him, and remained after I left. This was the day before Breslin left for Canada, or perhaps the same day. I learned, on going to my office, that a warrant was out for Breslin. Breslin, on coming in, pulled off his coat, and was evidently very warm. No conversation took place between Breslin and Bliss while I was present, except the ordinary salutations.

I had a conversation with Bliss about the Treasury defalcation. He sympathized with Breslin, and said that he (Bliss) thought he (Breslin) had been made a tool of by designing men who had got his money from him. Bliss did not seem to be under any excitement, at that time, as to himself. He was laboring under great mental anxiety, and great de-

pression of spirits during the winter and spring of 1852, and he called on me frequently professionally, being troubled with dyspepsia.

During his last sickness at Mr. Beebe's house, as above, he stated to me, that if his accounts with the State were straightened, it would be found that the State owed him some $1,500; that he (Bliss) had paid to the State the last dollar claimed by and due to it. In the course of that sickness, he expressed to me his dissatisfaction at the imperfect system under which the books of the Treasury were kept; that the accounts of the Treasury should be kept with the same regularity and precision that a bank's books were kept, and that a settlement should be had, and balance sheet struck every day; and that this was impossible under the system that he worked under, especially as he had not help enough. At this same period, he asserted to me, that he had never invested a dollar of the State's money in any speculation or any property.

During the sickness spoken of above, I gave orders that Mr. Bliss should be kept as quiet as possible, and that but few visitors should be admitted, and only such as would be likely to cheer him up. I was anxious that the exciting topic of the day—the defalcation in the Treasury—should not be heedlessly spoken of in his presence, knowing his former troubles about the matter.

J. H. COULTER.

Testimony of R. H. Gilson, taken before the Commission, August 7, 1858.

R. H. Gilson, of Defiance county, Ohio, stated, in answer to the following interrogatories, to-wit:

Question. Was the certificate of deposit issued by the Commercial Bank of Toledo, November 21, 1854, to R. H. Gilson & Co., for six hundred dollars on the day of the failure of that bank, the property of R. H. Gilson & Co., or had it been transferred to, and become the property of James G. Haley?

Answer. My best recollection is, that it was paid to Mr. Haley before the bank failed. We borrowed of Mr. Haley $600 to pay our railroad men, and was to get money from the railroad company in Toledo, and agreed with Mr. Haley to deposit the amount borrowed, $600, in the

Commercial Bank of Toledo for him, which I did, and sent him the certificate.

Question. When was the money borrowed, and when was the certificate sent to Mr. Haley?

Answer. The money was obtained from Mr. Haley by James B. Steedman, one of the firm of R. H. Gilson & Co., but at what precise time, or in what particular amount, I cannot state; but it was probably a week or more before the deposit was made—it might have been two or three weeks. The certificate was sent to Mr. Haley a few days before the failure of the bank, perhaps the 23d or 24th of November, 1854, the failure of the bank occurring on the 27th of that month.

R. H. GILSON.

Testimony of John Peters, of Zanesville, Ohio, taken before the Commission, October 22, 1858.

John Peters, after being duly sworn, deposeth and says:

I have been the cashier of the Franklin Bank of Zanesville, and as such have seen J G. Breslin on one occasion only in my life, and this was when I went to the treasurer's office for the purpose of burning some mutilated notes of the Franklin Bank of Zanesville, and to make arrangements for getting new notes in their stead.

Our bank was the depository of Mr. A. A. Bliss, while he was treasurer, for such of the State funds as had relation to receipts and disbursements on the Muskingum Improvement. These deposits were not large, averaging probably some $7,000 or $8,000. We paid no interest for these deposits, but furnished exchange to the State at less than current rates.

Mr. Breslin kept no regular account with us. The State deposit account was, on his accession to office, transferred to the branch bank, as I learned. I find on the ledger of our bank a debit entry of $1,444 43, being the result of a check on the Akron Branch, which Breslin had sent to our bank as part payment of $15,000 of State stocks of 1852, which had matured, and of which the fund commissioners had given notice that they must be presented for redemption. This Akron Branch check

I had returned to him, as it would have cost us more than we were willing to lose to have it collected. Breslin remitted the money for the check on the 24th of April, 1852, and accordingly is credited with $1,444 43. On the 11th of August, 1852, there is a credit and debit entry of $144; and also on the 30th of October, 1852, there is a credit and debit entry of $35 94. These are all the money transactions on the books of the bank with Mr. Breslin, excepting our safety fund and circulation accounts. The other drafts sent to us by Breslin for the $15,000 above spoken of, were:

$7,505 84 on City Bank of Cincinnati,
5,000 00 on Commercial Bank, Toledo,
500 00 on Muskingum Branch,
550 13 on Marietta Branch; and
1,444 43 on Akron Branch, as already spoken of.

I never received any money from Breslin, either at Columbus or at any other place, except as above; was never at the treasurer's office during Breslin's terms, either in day or night time, except on the one occasion above stated. I never exchanged money with him, nor did I ever circulate any bank notes for him. I repeat that the above contains all transactions of every nature I ever had with Breslin, except as they arose out of our connection with the State Treasury as an independent bank. We never received circulating notes of our bank ahead or in excess of stocks deposited with the State Treasurer. It may be possible that the State Treasurer may have ordered exchange from us to pay the State interest; if so, it was a square business transaction.

Mr. Sill has bought exchange of our bank frequently. It is my impression, that in all transactions between our bank and Mr. Sill, he brought us the check of the State Treasurer, and we at once gave him the respective amount in exchange. We never issued to any State treasurer or fund commissioner any certificate of deposit bearing interest; nor have we paid any interest, allowance, or other compensation, to any of them, for deposits or any other use of money, other than through cheaper rates of exchange. Nor did we allow or pay any interest to county or city treasurers in any shape.

JOHN PETERS.

Memorandum of a conversation held in New York city, Saturday, November 13, 1858, at E. Hosmer's office, with E. M. Morgan,

E. M. Morgan said he formerly lived at Sandusky City, Ohio; was there in partnership with a produce firm; afterwards became a clerk for W. E. Chittenden, in New York.

Chittenden was formerly cashier of the Seneca County Bank. After resigning it, went to Mississippi, and took charge of the Northern Bank of Mississippi

After he left it, he established a banking house in New York. A. A. Bliss had an account with Chittenden in New York; and after Bliss, J. G. Breslin continued it.

W. E. Chittenden failed in February or March, 1853. Soon after, one W. H. Gibson, a lawyer at Tiffin, Ohio, came to see Chittenden, and tried to or did settle with Chittenden.

I cannot state the amount of Breslin's account, nor do I know how much Breslin lost, nor whether stock in the Chicago Land Company was turned out to him in settlement. Chittenden, Robert J. Walker and Wm. B. Ogden, were, with others, partners in the Chicago Land Company. Breslin could not then have got stock from Chittenden in this company, as it was then an undivided interest.

Chittenden failed because he made large advances to the Illinois and Wisconsin Railroad, and the Rock River Valley Railroad. These roads have now changed their names. Wm. B. Ogden is president of one or both. The roads run to Janesville, Wisconsin, and Fon du Lac.

Chittenden and Reznor had some arrangement for circulating in the West, through the City Bank of Cincinnati, the notes of the Eastern Bank, at Killingsly, Connecticut, and the Woodbury Bank, at Woodbury. The reserve for the redemption of these notes, were the bonds and stocks of the railroads already spoken of.

Chittenden was criminally prosecuted for his connection with the above named Connecticut banks. The charge was cross entries—false entries—fraud. The prosecution is now over. Chittenden intended to do what was right about these banks, if he had not been broken down by the railroad advances already stated. These railroads have gone through some liquidation process, and Wm. B. Ogden is trustee over them.

When Chittenden failed, there was a balance due to Breslin. Breslin's account with Chittenden was a deposit account.

Chittenden now lives at the town of Niagara, at the mouth of the Niagara river.

Chittenden's books and papers were here until about nine months ago. They have been taken away, and are in Chittenden's possession.

Bartlit & Smith had an account with Chittenden. I know Smith—Ben Smith, of Columbus, Ohio. Smith told me that he had a bank, or was interested in one, at Stonington, Connecticut; but that he gave it up, as he could make nothing at it.

The aggregate of Wm. E. Chittenden's balance sheet, was $200,000 or $300,000.

The Summit County Bank, at Cuyahoga Falls, had an account with Chittenden.

Dwight Williams also, who lived formerly at Ravenna, and who was subsequently cashier of the City Bank of Cincinnati.

Chittenden was here two or three weeks since on business for a manufacturing establishment, in which he is clerk, and perhaps part owner.

The above conversation was taken down by me within fifteen minutes after leaving E. M. Morgan, and I know that it is substantially, and in fact, generally verbally correct. I wrote it down at the Astor House.

CH. REEMELIN.

Memorandum of a conversation had by Charles Reemelin with H. A. Johnson, in New York, November 16, 1858, *and written down soon after.*

H. A. Johnson told me, that he made the bid for the Ohio State loan, of 1886 alone, and on his own hook—that he had no partner in it before it was awarded to him—that he ascertained, in his own way, without getting any information from the Fund Commissioners, or the transfer agency, the bona fide bids, that were likely to be made, and from what parties—and that he had ascertained the amount so bid for, and that he calculated that he could resell to these several parties $800,000 of the loan, and $1,000,000 to English capitalists, and that he would have no trouble in selling the remainder to Ohio banks and other persons for

home demand; that he knew King & Sons to be bidders for a considerable sum.

He also told me, that he never paid Auditor Wright, nor Secretary Baker, anything for getting the loan, and that he had no agreement or understanding, or even conversation, with either of them; and that he was introduced to them both only after the award was made. That Ludlow had told him afterwards once, that these Western officers always came poor, and wanted money, and that he had lent two of the Fund Commissioners money, say $4,000. That, when told of this, he, Johnson, expressed to Ludlow, or to some one else at the time, that Ludlow was too often fool enough to grease the wheels when it was not necessary.

He further told me that after he got the loan awarded to him, he got into trouble, as he did not find parties as readily as he expected, to take it off his hands; that he sold to Ludlow $600,000 at 107, Ludlow telling him that he wanted it for Western banks, but that Ludlow put it as collateral for loans into savings or other trust institutions, to some of whom he (Johnson) had expected to sell; and that thereby, instead of helping himself by this sale to Ludlow, he lost. The savings banks or trust institutions would prefer to loan to Ludlow at 7 per cent., with Ohio State stocks as collateral at par, to buying them at 105 or 107 of him.

Also, that he sold Duncan & Sherman, $1,000,000, but not at 108, as the papers at the time stated, but at one per cent. less than he himself paid, and that he was himself a partner for half of this sum, his idea being that the sale of $1,000,000 to Duncan & Sherman, a house well known to represent George Peabody in London, would raise the price of the stock, and make it more valuable, and that he would thus more than make up the one per cent. lost on the million, by his moiety in the profit of Duncan & Sherman, and on the stock he yet had in his hands. That Duncan & Sherman sent their half to London, but that eventually no profit was realized in the one million sale, but rather a loss.

Also, that he sold $300,000 to J. Thompson, in several parcels of stock.

He also told me—exhibiting his account with the Trust Company at the time, in which large loans and payments are almost daily entered, and on which large loans of over $100,000 were down as having been made to the Trust Company on Friday before failure, of which a large

amount was paid on Saturday, and $10,000 only on August 31st—that on Friday previous to the failure of the Trust Company, he saw Coe at the Trust Company office, and knowing him well as his old partner, he saw at one that Coe looked seriously troubled; that he called in the $110,000 he had lent the Trust Company, fearing something was wrong; that for his balance on Monday, he got Cincinnati and Indianapolis Railroad stock at high prices; that Ludlow told him, Saturday or Monday before the failure, that he was carrying $300,000 for Dayton and Hamilton parties, $500,000 for Cleveland and Pittsburgh, and a very large sum for another Western railroad.

He farther told me that after he was introduced to Auditor Wright, and had been informed that the loan was awarded to him, that Wright told him that he agreed to the award very reluctantly, as it was too low; that he, Johnson, told him and the others that it was well they did award it, as it would have been a false policy to award a part, or to refuse to award any; as it would have hurt the stock thus to refuse, after bids had been invited.

Mr. Johnson agreed to put the general facts above stated, in writing, but refused to give his testimony under oath, and by press of business was prevented from giving me the letter as above. Hence this memorandum of the conversation had with him, written out from notes taken down within thirty minutes after the conversation occurred.

CHAS. REEMELIN, Commissioner.

Testimony of Samuel T. Bull, of New York city, taken before the Commission, at Columbus, January 13, 1859.

Samuel T. Bull, after being duly sworn, deposeth and says:

When, in 1838 or 1839, the Ohio Life Insurance and Trust Company established its agency, I was appointed by Mr. J. N. Perkins, cashier of said institution, to open for him a set of books; and in July, 1840, at the time the Ohio Life Insurance and Trust Company was appointed the agent of the State for the transfer of the State stocks and the payment of the principal and interest of the public debt, I took charge of the books of the State. Previous to that time, the Bank of the Manhattan Company had been the State's agent. I continued in that situation, both

while the Trust Company was the agent, and also during the time that Mr. A. P. Edgerton was the agent of the State, until May 1, 1856, when I was appointed Ohio State Agent, the Trust Company being the depository of the State funds, and Mr. Coe being "Registrar." I continued to hold that office until July 15, 1858, when my successor, Mr. James A. Briggs, was appointed.

When, in 1840, the books of the State were placed under my charge, they had been made up by the Manhattan Company to the 1st of July of that year, including the semi-annual interest due on that day. I compared the total amount of the interest list with the several ledgers, in which the debt of the State was recorded, and ascertained that the amounts corresponded perfectly. I then examined the different warrants of the commissioners of the Ohio canal fund, as they were then styled; and found, that they authorized the issue of certificates of Ohio State stock for the precise amount on which the interest of July, 1840, was to be paid. I continued the old books, and only got new ones as needed. The system remained the same. The certificates of stock were issued either on a surrender of old certificates, or, if new stock, on the account of the fund commissioners. Upon the opening of the books for the transfer of stock, it was invariably required, that a certificate corresponding in amount and belonging to the same loan, should be surrendered before a new certificate was issued of like amount, except in cases where new issues of stock were made upon the authority of the commissioners of the canal fund, by warrants directed to the Ohio Life Insurance and Trust Company, agent of the State, which warrants were placed on file and preserved as authority for such issue; and in no instance was a certificate ever issued, before such authority had been placed in my hands. In the issues for new loans, I was guided by the fund commissioners' warrants alone. The only new loans, negotiated since 1840, which increased the State debt, were the 7 per cent. loan of 1851, which was negotiated in the spring of 1843, for $1,500,000, through R. H. Winslow. I think it was negotiated at par, and that a commission of one per cent. was paid to the negotiator; and also, a part of the loan of 1870, which, however, was made in part to pay off the 5 and 6 per cent. loans due in 1850. Part of it was issued to holders of old stock, of the 6 per cent. stock of 1850, they allowing the State 3 per cent premium; and for some a higher

premium was obtained. A part of it was an original loan, being negotiated in 1842.

The two loans issued July 1, 1850, being one for $1,025,000, at 5 per cent., redeemable in 1865; and one for $1,600,000, also issued July 1, 1850, at 6 per cent., and redeemable in 1875, were negotiated in the summer of 1850. There was another amount of $816,468 43 exchanged for the 1850 stock, and in lieu of it, stock of 1870 was issued. The $25,000 of the above 5 per cent. loan of $1,025,000, was exchanged for stock of the 5 per cent. loan of 1850. These amounts make $4,141,468 43, being the total amount issued for the loan of 1850, amounting, at that time, to $4,018,000, and a loan of 5 per cent., payable in 1850, for $400,000.

The next loan was that of 1856, negotiated to pay the loans due January 1, 1857, for $2,400,000. The loan payable in 1856 was once larger than it had been in 1840. The increased issue was in accordance with the fund commissioners' warrants, as authorized by several acts of the Ohio Legislature, and it had been again decreased by purchases on account of the State, and duly cancelled. The total amount of the loans due January 1, 1857, was $2,508,709 79, of which $85,350 was 5 per cent., and $2,423,359 79 was 6 per cent.

I was State Agent when the loan of $2,400,000, as above, was negotiated. The then fund commissioners were: F. M. Wright, Auditor of State, James H Baker, Secretary of State;—F. D. Kimball, the Attorney General, having deceased. The commissioners came to New York, and I was consulted as to the mode and manner of advertising the loan. I drew up the advertisement, which was a little altered at the suggestion of Mr. Coe. The loan was advertised the length of time required by law, as far as I know. The bids were addressed to me as State Agent, but were not opened by me, nor at the Agency. On the morning on which the bids were to be opened, I had everything prepared to open them, and register the bidders, and the terms offered; but the fund commissioners objected to my opening them, upon which I remonstrated, believing it to be my official duty to do so. The fund commissioners then received the bids from me, and took them out of the office unopened. This was at 12 o'clock, at which hour the time was up for the reception of bids. The bids were not returned to the transfer office until the following day. I then made up a list of the bids, and that list, with the

original bids, was filed in the vault of the office. The bids brought back were the same as those received, and were published in the New York papers. I do not know who were present at the opening of the bids, as they were not opened in the office, nor in my presence. I do not, of my own knowledge, know whether the fund commissioners dined with Mr. Ludlow on the evening preceding the day on which the bids were awarded. I have heard Ludlow say, that he was with the fund commissioners that afternoon or evening. H. A. Johnson lives on the same Avenue, the Fifth, in New York. I have heard Ludlow say that H. A. Johnson was with him and the fund commissioners of Ohio. I did not see the fund commissioners that day, after they left the office. I think I have heard Mr. Ludlow say, that he was at the house of Mr. H. A. Johnson that night, in company with the commissioners. I never heard Johnson say so. The next day, I was informed by Mr. Wright, the Auditor, that the loan had been awarded to H. A. Johnson & Co., at 3½ per cent. premium. Mr. Wright seemed to hesitate for some time before determining as to his course of action, but finally handing me the papers, said "they would take it." He said the price was too low. Mr. Baker was not then present. I have no doubt, but that H. A. Johnson, and F. M. Wright and J. H. Baker, were acquainted with each other, before the bids were opened, and that they had conversations together. I never conversed with H. A. Johnson upon this subject. I supposed, from various conversations with the cashier, that he intended to make a bid for the loan.

By instructions of the commissioners of the sinking fund, a certificate No. 1, for the whole amount of the loan, $2,400,000, was issued in the name of H. A. Johnson & Co. This certificate remained in my possession. When H. A. Johnson & Co. desired to make a transfer of a portion of the loan, they brought in to me a certified check for the amount, with the 3½ per cent. premium added, and the transfer of such amount was made according to their directions, the balance of the certificate remaining in my hands, and the money, or check, was deposited with the Trust Company to the credit of the State. This mode of transferring was continued for some time. The money for the certificate No. 1, for the $2,400,000, was not paid at the time the certificate was made out, but was paid by H. A. Johnson & Co., as certificates for a part of the loan, in smaller amounts, were issued to other parties, as before stated.

Mr. Johnson never paid anything on the $2,400,000, until he had made arrangements for a transfer of a portion to other parties; and the transfer had been made, and the certificate issued to them. I inferred, from occasional remarks made to me by Mr. Ludlow, that he had some interest in the loan awarded to H. A. Johnson & Co.

None of the bids for the loan were opened by any person, nor known to any person in the office, to my knowledge, before the opening referred to. In many instances, I knew who were the bidders, as I was informed by the party when the bid was left at the office, that such a paper contained his bid; but the amount or conditions were unknown to me. The bids were delivered into my hands, and kept in my possession, until they passed into the hands of the commissioners, as stated. They were all delivered to me within an hour of the time of the opening. Mr. Ludlow did not see them. Parties who bid, and those who did not bid, conversed with me in relation to the loan, and probably with the fund commissioners. I do not know how H. A. Johnson & Co, ascertained the amount of the bid that would probably be made. He inquired of me as to the parties who would be likely to bid on foreign account, and I named to him certain parties who had previously been bidders for similar loans, and who were likely to bid for this loan. I know of no combinations or instrumentalities of any character, by which any persons were prevented from bidding. I have never heard it intimated that such was the case. But on the contrary, I endeavored to induce various parties to become bidders. I am not aware that Mr. Ludlow made any efforts to take the loan himself, except that he told me he should make a bid for a part. I know of no combination between Ludlow and Johnson, by which the former was not to bid. I do not know why Duncan, Sherman & Co did not bid.

I am not aware of the precise nature of the influences which produced or secured my appointment as transfer agent in 1856. I did not, before that time, know personally either of the fund commissioners. I believe my appointment was solicited by Mr. Edgerton, my predecessor, and by the Trust Company; and doubt not if it was through their influence, and the knowledge possessed by the commissioners of my long connection with the transfer office, and that my appointment would be highly acceptable to the Trust Company, the proposed depository, that secured it.

I do not know that Mr. Gibson, former Treasurer, ever had any Ohio stocks with him in New York, for sale or hypothecation.

The parties to whom H. A. Johnson & Co. transferred the $2,400,000, can be ascertained from the transfer books. The following is the list as taken by me to-day, from the original transfer book kept by me at the time, and now here before me :

Certificate No. 1, issued to H. A. Johnson & Co., dated, November 1, 1856, interest from January 1, 1857, for ---------- $2,400,000

Out of which, H. A. Johnson & Co. transferred as follows :

1856.				
Nov. 1,	Certificate No.	2, John Knight	$50,000	
"	"	3, James G. King & Sons	50,000	
"	"	4, "	11,000	
"	"	6, "	7,500	
"	"	5, Prime & Co	50,000	
"	"	7, Edwin Ludlow, cashier	13,500	
"	"	8, John Furguson	10,000	
13,	"	9, W. B. Astor	50,000	
14,	"	10, "	25,000	
Dec. 9,	"	12, Richard Schell	25,000	
"	"	13, "	25,000	
"	"	14, "	25,000	
"	"	15, "	25,000	$367,000
" Balance—Certificate No. 16, issued to H. A. Johnson & Co., for				$2,033,000
Dec. 16,	Certificate No.	23, Richard Schell	25,000	
"	"	24, "	25,000	50,000
" Balance—Certificate No. 29, to H. A. Johnson & Co. for				$1,983,000
Dec. 23,	Certificate No.	32, United States Trust Co	21,000	
"	"	33, Richard Schell	25,000	
"	"	34, E. W. Clarke, Dodge & Co	20,000	
"	"	35, "	20,000	
"	"	36, "	20,000	
"	"	37, "	15,000	
"	"	38, G. Von Baur & Co	20,000	
"	"	39, Treasurer of State of Wisconsin in trust for Racine Co. Bank	20,000	161,000
" Balance—Certificate No. 40, to H. A. Johnson & Co. for				$1,822,000
Dec. 23,	Certificate No.	41, James Lee & Co	150,000	
24,	"	42, E. W. Clarke, Dodge & Co	10,000	

1856.

Dec. 24, Certificate No. 43, E. W. Clarke, Dodge & Co			$15,000	
" " 44, Richard Schell			25,000	
" " 45, "			25,000	
" " 46, "			25,000	
" " 47, Gilpoke & Co			49,000	$299,000
" Balance—Certificate No. 48, to H. A. Johnson & Co. for				$1,523,000
Dec. 27, Certificate No. 55, Matthew Morgan & Son			50,000	
" " 56, H. A. Johnson & Co			10,000	
" " 57, "			10,000	
" " 58, "			10,000	
" " 59, "			10,000	
" " 60, "			10,000	
" " 61, "			10,000	
" " 62, "			10,000	
" " 63, "			10,000	
" " 64, "			10,000	
" " 65, "			10,000	
" " 66, "			5,000	
" " 67, "			5,000	
" " 68, "			5,000	
" " 69, "			5,000	
" " 70, "			5,000	
" " 71, "			5,000	
" " 72, "			5,000	
" " 73, "			5,000	
" " 74, "			5,000	
" " 75, "			5,000	
" " 76, Auditor of State of Illinois, in trust E. J. Tinkham & Co's b'k			5,000	
" " 77, "			5,000	
" " 78, "			5,000	
" " 79, "			5,000	
" " 80, "			5,000	225,000
" Balance—Certificate No. 91, to H. A. Johnson & Co. for				$1,298,000
Dec. 29, Certificate No. 92, Overend, Gurney & Co			10,000	
" " 93, "			10,000	
" " 94, "			10,000	
" " 95, "			10,000	
" " 96, "			10,000	
Dec. 29, Certificate No. 97, Robert Neilson			20,000	
" " 98, Wm. B. Astor, in trust			1,800	

1856.					
Dec. 29,	Certificate No.	99,	Wm. B. Astor, in trust	$1,400	
"	"	100,	Jas. Gallatin and J. J. Astor, Jr., trustees	1,350	
30,	"	101,	Brooklyn Savings Bank	50,000	
"	"	102,	H. A. Johnson & Co.	25,000	
"	"	103,	"	25,000	
"	"	104,	Overend, Gurney & Co.	10,000	
"	"	105,	"	10 000	
"	"	106,	"	10,000	
"	"	107,	"	10,000	
"	"	108,	"	10,000	
					224,000
"	Balance—Certificate No.	109,	to A. Johnson & Co.		$1,073,000
31,	Certificate No.	110,	United States Trust Co.	25,000	
1857.					
Jan. 2,	"	111,	Greenwich Savings Bank	50,000	
"	"	112,	Marie & Kantz	50,000	
"	"	113,	Treasurer of State of Wisconsin, in trust Bank Oshkosh	10,000	
"	"	122,	John Ferguson	1,000	
"	"	123,	Jas. G. King & Sons	50,000	
"	"	121,	Seamans' Bank Savings	50,000	
"	"	161,	Auditor of State of Ohio, in trust for Stark County Bank	11,470	
"	"	114,	Richard Schell	25,000	
"	"	115,	"	25,000	
"	"	116,	"	25,000	
"	"	117,	"	25,000	
"	"	118,	"	25,000	
"	"	119,	"	25,000	
"	"	120,	"	25,000	
"	"	124,	John Anthony Brentam	3,000	
"	"	162,	Auditor of State of Ohio, in trust Merchants' Bank of Massillon	6,000	
"	"	125,	Jean Alphonse Favre	10,000	
"	"	126,	Julie E. S. Gautier Dellessert	24,000	
"	"	127,	Pierre Bosc	1,000	
"	"	128,	"	1,000	
"	"	129,	"	1,000	
"	"	130,	"	1,000	

1857.

Jan.	2,	Certificate No. 131,	Pierre Bosc	$1,000
"	"	132,	"	1,000
"	"	134,	Francois M. Dellessert, et. al.	2,000
"	"	133,	Emile Blot, guardian, &c.	9,000
"	"	135,	Duncan, Sherman & Co.	5,000
"	"	136,	"	5,000
"	"	137,	"	5,000
"	"	138,	"	5,000
"	"	139,	"	5,000
"	"	140,	"	5,000
"	"	141,	"	5,000
"	"	142,	"	5,000
"	"	143,	"	5,000
"	"	144,	"	5,000
"	"	145,	"	5,000
"	"	146,	"	5,000
"	"	147,	"	10,000
"	"	148,	"	10,000
"	"	149,	"	10,000
"	"	150,	"	10,000
"	"	151,	"	10,000
"	"	152,	"	10,000
"	"	153,	"	10,000
"	"	154,	"	10,000
"	"	155,	"	10,000
"	"	156,	"	10,000
"	"	157,	"	20,000
"	"	158,	"	20,000
"	"	159,	L. Von Hoffman & Co.	50,000
"	"	160,	G. Von Baur & Co.	25,000
"	"	163,	James Lee & Co.	100,000
"	"	164,	Wm. Hoge & Co.	100,000
	3, "	169,	Bowery Savings Bank	100,000
"	"	170,	Albert Zabel	1,000
"	"	171,	"	1,000
"	"	172,	"	1,000
				1,060,470
"	Balance—Certificate No. 179, to H. A. Johnson & Co., for			$12,980

1857.			
Jan. 6,	Certificate No. 185, J. C. B. Davis	$4,000	
" "	186, C. W. Nrwerck	3,000	
			7,000
"	Balance—Certificate No. 187, to H. A. Johnson & Co., for		$5,980
7,	Part of Certificate No. 190, Brown Bros. & Co., (16,980)		$5,980

The original certificate, and the balance certificates above stated, remained in my possession, and when any certificate, a part of either the original or the balance certificates, was delivered to H. A. Johnson & Co., or any of the other parties named, a certified check upon a city bank, or the money, for the amount of such certificate, was paid through me to the Trust Company as the depository.

SAML. T. BULL.

NEW YORK, Feb. 12, 1859.

Charles Reemelin, Esq., Cincinnati, Ohio.

Dear Sir:—Your letter of 8th is at hand, and I have lost no time in endeavoring to procure the information you desire.

The deposition of Mr. Bull, in reply to the questions proposed, is herein inclosed.

I also applied to Mr. Atwood for a reply to the same questions, and for other information relating to the subject; and was told by him that while he was perfectly willing to comply with your request, as far as himself was concerned, yet as his testimony must necessarily introduce the names of other parties, he did not feel warranted in disclosing their business relations with him, unless he were under obligation to do so by regular process of law. That he had, on one occasion, given you personally a full statement of the facts now desired, to which he could add nothing; and furthermore, that Mr. Wright, Auditor of State, was perfectly familiar with them all as much as himself, and would doubtless furnish a full statement.

I am unable to add any of my own knowledge that will throw light upon the questions. I was not present at the transfer of $100,000 Ohio

stock in question, and know not upon what particular authority the transfer was made. My duties as "Registrar" consisted in being careful never to countersign a new certificate unless first put in possession of an equal amount of stock represented by an old one—the object of my registry being simply to prevent an overissue of stock, and while I cannot recall the particular circumstances of this one, I am confident that Mr. Bull, the transfer agent, came to me and delivered the old, and received the new certificate, as was his custom.

With regard to this stock, I recollect having a conversation, I think, with Mr. Auditor Wright, at some time about the date named, in which, having been informed that certificates of stock of $100,000, deposited with the State Treasurer as security for bank circulation, had been abstracted from the department, and been illegally used, and were in the hands of Messrs. Atwood & Co. for an advance of money to the Treasurer of State, of some sixty thousand dollars. The amount I cannot distinctly remember. That Messrs. Atwood & Co. were willing to return the stock to the State, provided their advance was repaid, and that it was of the utmost importance that the State secure the large margin in their hands, and not allow it to be endangered or lost. I cannot remember the conversation that passed, but think that I asked him whether it was legally clear that Messrs. Atwood & Co. could hold them, or that they could not be followed, or their transfer prevented, to which, I think, he replied, that he had taken legal counsel on the subject, and that Atwood & Co. could hold them till their advance was paid; and also, that he, Mr. Wright, had other securities of uncertain value, but to a large amount, which he had obtained from the Treasurer, which might cover a large part of the amount advanced by Messrs. Atwood & Co. He also informed me that it was a case that admitted of no delay, and he thought it his duty as a faithful agent of the State, to take the responsibility, and raise the money and secure the stocks, which I afterwards was informed that he did.

I have no knowledge whatever of the details of the transaction, nor in what form or manner he raised the money, or who gave or procured an obligation for it, nor whether he had any understanding with Ludlow. In my conversation, I think they were (Mr. Wright and Ludlow) both present. I only remember, that the statement made to me by Mr. Wright, seemed clear, and his conclusions sound. But the whole thing

passed out of my mind, as I had none other than a friendly interest in it. These are all the impressions that I can now recall. The old certificates and the books of registration will be found of course among the documents at the Fund Commissioner's office. I write this in haste, yet after faithful effort to cover the whole ground; and although I would prefer not to appear in form of witness, yet will do so if required

Yours very respectfully,

GEO. S. COE.

By request made by Charles Reemelin, Esq., per his letter dated Cincinnati, February 8, 1859, that I should state, viz:

1st. By whose authority did you, on the 27th of June, 1857, transfer, on the transfer books of the State of Ohio $100,000 of bonds or State stocks to the Bowery Saving's Bank, the stocks being the same lot as was transferred on the first of June, 1857, to J. S. Atwood? I reply:

I cannot recall the circumstances of the transfer in question, without referring to the books of the State agency, which have been removed to Columbus, Ohio. By referring to the account of the Bowery Savings Bank, on the State Ledger, and comparing the entries with the transfer book, it will be seen by what authority the transfer was made. If by power of attorney, the documents will be found on file in the office of the Commissioners of the Sinking Fund, at Columbus.

Whenever a transfer of Ohio State stock was to be effected on the books of the agency in this city, my duty as transfer agent of the State of Ohio, consisted:

1st. In ascertaining that the certificates presented for transfer, with any vouchers accompanying them, were authentic and in due form of law; and,

2d. That the party appearing, was the constituent or constituents named in the certificate, or the duly constituted attorney of said constituent. It is of my own knowledge that these conditions were complied with at the time the transfer in question was made, as the documents on file in the transfer office at Columbus must show—as I never deviated from these rules in any case Not having any voucher to refer to, I am unable to refresh my memory on the subject, but there was nothing about this particular transfer which has so impressed it on my mind, that I should now be able to recall the circumstances connected with it.

Question. State what State officer or agent was present, and whether the Auditor of State or E. Ludlow, or both or either of them assented to or agreed to the transfer.

Answer. I cannot now remember whether Mr. Ludlow, or any of the State officers, were present at the time of making the transfer.

SAM'L. T. BULL.

Sworn to before me, this 12th day of February, 1859,

THOS. L. THORNELL,

Commissioner for the State of Ohio in New York.

Testimony of S. J. Broadwell, taken before the Commission, at Cincinnati, September 17, 1858.

S. J. Broadwell, after being duly sworn, deposeth and says:

I am one of the assignees of the Ohio Life Insurance and Trust Company. The assignees have the control of the books and papers of the Company here in Cincinnati. Those belonging to the New York office are in New York, under the control of the sheriff of that city and county. A few of the books are here which were given to Judge Wright and myself individually, but which we are compelled to return. We have in our possession, as assignees, a note given by Francis M. Wright, the present Auditor of State, and James H. Baker, formerly Secretary of State, to the order of Edwin Ludlow individually, for four thousand dollars, I think, a copy of which note is made a part of this deposition. I I do not know for what purpose this note was given, unless it is a debit voucher for a balance against Wright or Baker standing on the books of the Trust Company in New York. I do not know whether the note has been paid.

Question. Did Mr. Ludlow, in answer to your inquiries as to the consideration for this note, intimate that upon any contingency it was not to be paid, or that it was not to be considered as a valid obligation against the makers?

Answer. He did not.

Question. Did you make any inquiries of him as to the consideration

of this note, or as to how these parties became indebted to him, or to the Trust Company?

Answer. I made inquiries as to the ledger balances standing against them, but received no satisfactory explanation as to the circumstances under which they arose.

Question. Did Mr. Ludlow state this indebtedness, either by the note or the ledger balance, as being to the Trust Company?

Answer. He stated the ledger balance as due to the Trust Company, and the note was handed to us without any explanation.

Question. Have you any information from Mr. Ludlow, or from any other source, as to the origin or consideration of this note, or as to the reason why it was given, or as to any understanding between the parties as to its payment or non-payment?

Answer. I have not.

Question. Do you, under the circumstances known to you, intend to insist upon the payment of the note?

Answer. That question has never been brought up, but we intend to pursue the ledger balances, as well as all debts due the Company.

Question. Do you consider the ledger balances a valid claim against the makers of this note?

Answer. Never having had any correspondence or conversation with either Wright or Baker upon the subject, I cannot say. I do not know whether both the note and ledger balance are really due from them, or whether they represent the same transaction.

Question. In an attempt to collect either the ledger balance or this note, would you be controlled in your action by any agreement or arrangement between Mr. Ludlow and Wright and Baker, as to the consideration or manner of payment of this indebtedness?

Answer. If it is a valid claim, I should insist upon its payment.

Question. Would you permit the arrangement or agreement of Mr. Ludlow to determine the validity?

Answer. If the claim is legal, we shall insist upon its payment.

There have been no transactions, to my knowledge, between Mr. Wright and Baker individually, and the Trust Company, by loans or otherwise. The books in New York will probably show if there have been any such transaction.

The following is a copy of the note above referred to:

"NEW YORK, Oct. 3, '56.

"On demand, we promise to pay Edwin Ludlow, or order, four thousand dollars, for value received.

(Signed) F. M. WRIGHT,
J. H BAKER."

The above note is indorsed "Edwin Ludlow."

S. J. BROADWELL.

S. J. Broadwell, of Cincinnati, recalled, October 9, 1858.

I was one of the directors of the Ohio Life Insurance and Trust Company, and am now one of the assignees. During the absence of the president in New York, after the suspension, I was a member of the executive committee, that met daily for the dispatch of business. After the return of the president, I was in New York with Mr. Bishop, engaged in adjusting the accounts, and have been busy at that on returning to Cincinnati in the spring, up to the publication of the recent statement of the assignees.

I had no knowledge of any difficulty in New York prior to the failure of the Company. The dispatches of Mr. Stetson from New York, announcing the closing of the office, was the first intimation of any trouble in that quarter. I attended the meeting of the board on that and subsequent days.

There never was any intention come to, by the board, to discriminate between creditors of the Home office, and those of the New York office, giving a preference to the first named, for the reason that we looked upon all claims as resting upon the same footing.

At the time of the failure of the Company, up to about the time of the assignment, we were confident that we could pay all debts owing from the Company, and therefore first adopted, and subsequently continued, the policy of receiving in payment of liquidated debts due us, debts of the same character which the Company owed; and in pursuance hereof, we received verified checks in payment of bills receivable and other debts due the Company. We were contemplating a resumption, at a not very remote period, and a complete resuscitation of the bank, not suspecting

for a moment that all the capital and surplus fund was lost in New York. In the receipt of checks and other settlements of claims, no undue preference was shown to any person; we endeavored to place all creditors upon the same footing, except that a special fund was set aside for the purpose of paying women and men in necessitous circumstances for claims under $300. The privilege of paying their indebtedness by the checks of others was accorded to the trustees as well as to every one else. I conceived it, but obtained no check for less than par. At the time of the assignment, there still remained a small balance of indebtedness from a few of the trustees. In every instance, so far as known to me, where trustees paid any of their indebtedness, and where checks of others were used, these checks obtained by mortgage sales of real estate, at their par value.

The cash balances due to Western banks and other correspondents at the New York office, were settled upon the same principle—the Ohio banks receiving the majority of our "loans secured by real estate," and the mortgages were selected by them so as to give to each bank the loans due as near as possible to their locality.

There were many reasons urged in favor of the assignment of these loans to the banks, as stated, some of which had great weight with me; as for instance, it would create less disarrangement of moneyed affairs to hand these securities over to the banks near to the individuals from whom they were due, as they would by them be collected slower, and on easier terms, than if enforced by a general liquidation. Another was, that they would be more readily taken by these parties, than by creditors outside of the State, or by persons living remote from the localities where the debts were due, and to whom the character of the debtors and security was unknown. By this process, we realized the entire debt, which, if we had been compelled to collect by law, would have caused considerable outlay, on account of foreclosures, &c., considering the large area over which the loans extended.

It was also urged, that there was imminent danger of a suspension of the State Bank of Ohio, which, if it had taken place, would obviously have postponed our own contemplated resumption, and have greatly depreciated in value our own assets, which consisted of bills receivable, bank notes, and other evidences of debt owing by parties in our own State, who would have been overwhelmed in the general ruin—thus pro-

ducing great injury to all creditors of the Trust Company. The Ohio banks being thus enabled to announce to their creditors, and the community generally, that their balances due them in the New York office had been secured, it prevented the further spread of the panic, and the consequent prostration of business throughout our State.

The $35,000 of the bank notes of the Bank of Providence, Rhode Island, were sent here for circulation, and not having been issued, were considered the property of the bank, and were surrendered, under legal advice, by order of the board.

Sometime previous to the assignment, the Board ordered our solicitor to draw up the deed of assignment, ready for execution in the event of its being necessary to take such a step for the protection of our creditors. The preparation was made. At the time the assignment was finally executed and delivered, we found ourselves embarrassed by a multiplicity of suits and attachments, upon many of which judgments would be obtained within a few days, and then the property in our hands, even to our books and papers, would most likely be levied upon and taken out of our possession, thus giving the judgment creditors an undue preference, and preventing any further settlement as a corporation.

S. J. BROADWELL.

Testimony of Stanley Matthews, of the city of Cincinnati, taken before the Commission, January 6, 1858.

Stanley Matthews, after being duly sworn, deposeth and says:

I am one of the law firm of Worthington & Matthews, and that firm were the solicitors of the Ohio Life Insurance and Trust Company. I made several visits to New York, by the direction of the board of assignees, for the purpose of looking into its affairs, and attending to its business generally.

I was in New York, August 24, 1857, and happened to call at the office on the very afternoon the company suspended. Mr. Stetson informed me of the suspension. I had no knowledge, nor even a suspicion of it before. I remained at New York for a week or more afterwards, at Mr. Stetson's request, for the purpose of aiding him by advice as to

the best course to pursue. I heard nothing at that time from Mr. Stetson or Ludlow, or anybody else, that made me fear, or suppose that others feared, that the Trust Company would not be able to pay all its indebtedness, and Ludlow particularly asserted frequently, that fifty cents on the dollar would be left to the stockholders; and those assertions were based on estimates made in figures by Ludlow himself, upon the highest possible estimate of the losses.

Two days after the failure, an interview took place in the office of the New York attorney of the Trust Company, at which Stetson, Coe, Ludlow and myself were present. Coe there asked Ludlow to state in our presence, whether he, Coe, or any of the New York trustees, ever had any knowledge or suspicion of the true condition of the company, or of any danger of failure before its failure; and Ludlow emphatically answered, "you had not." Coe then asked Ludlow: "Are you not alone responsible for the catastrophe?" and Ludlow answered: "I am, but it was brought about by recklessness and not criminality." Ludlow also informed me at another time, that had he been able to hold on to the 15th of October, he would, instead of the Trust Company breaking, have broke Wall street, for he had Trust Company stock contracts enough to have done so, and he would have run the stock up, so that they must have paid him the differences.

In February, 1858, I was again in New York in company with Judge Wright, having gone there at the request of the assignees. Among other things, Judge Wright and myself determined to make an examination of each particular branch of assets, with the view to compare them with the inventories that had been taken; and in doing so, we found a bundle of papers marked "E. Ludlow's private papers;" and having learned from F. A. Lane, who had possession of all assets as deputy sheriff, that they were valuable, we inspected them, and found, among other securities, a promissory note signed by F. M. Wright and J. H. Baker, dated in October, 1856, payable on demand to E. Ludlow individually. I took the note to Ludlow, who was in the front room, and handed it to him and asked him what that meant? His reply was, "Frank Wright is shaking in his very boots. I got a letter from him this very morning." I then asked him what it was about; he laughed, and said he would tell me all about it at some other time. In July, 1858, I was in New York again on business of the company. The fact of the

existence of this note had been communicated to Mr. Stetson and Wright previously. In the course of the examination then made by us, this note could not be found, and I privately inquired of Mr. Ludlow where it was. He told me he had it in his personal possession at his house. I asked him if the parties to the note really owed the money. He said they did. I asked him if he was willing to state the circumstances in which it originated; and he said he was; and then stated, that the Ohio loan negotiated in the fall of 1856, was given to H. A. Johnson & Co; that he, (Ludlow) was a partner with Johnson in that transaction; and that by an arrangement between himself, Ludlow, and F. M. Wright and Mr. Baker, these two latter gentlemen were to participate with him in the profits upon his share; and that as an advance on account of the profits expected to be realized, he had paid to those gentlemen $4,000, and taken the note referred to. He did not state where it was executed. The note, so far as I recollect, was not written on a Trust Company blank note, but upon a piece of white writing paper. I asked him, on that state of facts, how he could claim that they owed him the money. He said, in reply, that the original understanding was, that they were to get nothing except out of the profits when realized, and that he took the note because he had advanced in anticipation; and that his State stocks having since been so sacrificed, there had been a loss instead of a profit, and they were entitled to nothing out of the transaction, and therefore owed him the money. He asked me what he should do with the note. I told him to give it to the assignees; and he afterwards told me that he had given it to Mr. Broadwell. In connection with the statement of Ludlow as above, and at other times, Ludlow also gave me an account of the circumstances of an interview which had taken place at his house the evening previous to the opening of the bids, at which he said, himself, H. A. Johnson, Mr. F. M. Wright and J. H. Baker, were present. He said that he had invited these gentlemen to dine at his house at seven o'clock; but that Atwood, who had been dogging the fund commissioners about the loan, had got hold of them in the afternoon, and they could not get away from him, till finally they told Atwood they had an engagement up town and must go; when Atwood, to their surprise, insisted on going with them. The hour had long since passed for dinner when the door bell rang, and he (Ludlow) opened it himself, and found the three there—that he let Wright and Baker in, and slammed the door

in Atwood's face. The next morning, the bids having been opened, and the loan awarded to H. A. Johnson & Co., Atwood, and Wright, and Baker, were in the Trust Company office in conversation, when H. A. Johnson came in, and was about to pass them without recognition. Atwood turned to Johnson with an appearance of surprise, and asked him, if he was not acquainted with Mr. Wright and Baker, the fund commissioners of Ohio, who had just awarded to him the Ohio loan. Mr. Johnson then advanced, and was formally introduced to Messrs. Wright and Baker. Ludlow told me nothing of what had taken place, by conversation or otherwise, on the previous evening at his house; except that Johnson, Wright, Baker and himself, were present; and laughed heartily at the self-possession with which Wright and Baker permitted themselves to be introduced to a gentleman with whom they had passed the previous evening.

I had a conversation with Mr. F M. Wright in relation to this note, between February and July, 1858, at Columbus, in the Auditor's office. I told him that, in my researches in the New York office of the Trust Company, I had discoverd such a note—that its existence was known to the officers of the company, and that it was regarded suspiciously—that if he had any explanation to make in relation to the note, and thought fit to make it to me, I would be happy to repeat it, wherever it could be of service to him. He replied, that it was a private matter between himself and Ludlow, that had been long since settled—that it was all right —and that he owed no such money. I did not know, at that time, the explanation which Ludlow gave me in July,

In 1856, having occasion to borrow $5,000, and wishing to do it on the security of $10,000 of Cincinnati and Indianapolis Railroad Stock, which I owned, I asked Mr. Stetson if he thought I could accomplish it in New York for 6 months at 7 per cent. interest. He said he thought he could, and would write to Mr. Ludlow, who had informed him that he had relatives and friends who were occasionally seeking such investments through him. He subsequently informed me, that Mr. Ludlow had advised him that his brother would lend the money. I accordingly executed a note payable to E. Ludlow, and gave it and securities to Mr. Stetson, and I got the money. This note was renewed at the expiration of six months, for six months longer, and was overdue a second time when I was in New York, in August, 1857; and part of my business

there then, was to arrange for its payment. The interest had been paid out of the dividends on the stock hypothecated, and there was due to me on account of dividends $225. I repeatedly asked Mr. Ludlow what arrangements could be made about the note, and he told me he was too busy to attend to it, but not to be uneasy about it, as it no doubt could be satisfactorily arranged; and Ludlow paid me at that time in sums of $100 each, the surplus over dividends due, leavine $25 still due me for dividends. This was a few days prior to the suspension of the company. Afterwards, I first learned, that the money had been advanced by Mr. Ludlow himself, and not his brother. I also learned subsequently, that my stock had been transferred by Ludlow to Beebee & Co Mr. Ludlow promised to make it all right, and did so, by sending to me at Cincinnati an equal amount of other similar stock. I thereupon paid into the Trust Company at Cincinnati, with Mr. Ludlow's consent, $5,000, to be placed to his credit on account of the note, which was paid in a check for that amount upon the company, drawn by Robb, Hallett & Co., which I purchased from their agent in Cincinnati, giving for it $5,000 in the stock of the Indianapolis and Cincinnati Railroad Company. The $200 paid to me by Ludlow in New York on account of dividends collected by him, was charged against me on the books of the company.

I advised the election of Mr. S. B. Keyes as one of the trustees of the Ohio Life Insurance and Trust Company, because I thought him eminently fitted for the place, without any suggestions in reference to it, from either W. W. Cones, Wash. McLean, or anybody else, or without any object in view, except the general good of the company.

STANLEY MATTHEWS.

Testimony of F. M. Wright, Auditor of State, taken before the Commission, February 7, 1859.

F. M. Wright, after being duly sworn, deposeth and says:

I am Auditor of State, and have been since January, 14, 1856, and am the successor of William D. Morgan. Morgan made up his books up to the day when he left the office, and his balances were assumed by us as correct, and so found as far as I know.

I am one of the fund commissioners, and as such assisted in negotiat-

ing the loan of 1886. Kimball and Baker were my associates. The loan was regularly advertised in London and in the eastern cities. A circular was also issued, and sent to banks and capitalists. The bids were to be opened on the first of October, and on that day were opened. This was done at the office of the Ohio Life Insurance and Trust Company, at the desk of the Ohio agency. Mr. Bull, the then transfer agent, was present, and as the bids were opened, noted down the names of the bidders, and the terms of the bid. This was a little after noon on the day fixed. I am certain that the bids were opened, and that the terms and names were put down, before I left the office that day. We found that there were two bids for the whole amount—one by H. A. Johnson & Co., and the other by a party whose name I do not recollect. There were also bids for lesser amounts. A full list of the bidders, etc., were published, I think, the very next day after the bids were opened. We took the bids, after they were opened and noted down as above, to our room at the Astor House—Baker and myself, and no one else, being present; Mr. Kimball having died a few weeks previous. We there examined the bids systematically, and made a list and table to assist us in coming to correct conclusions in the matter. We consulted freely as to the steps to be taken, and weighed all the attending circumstances. No person was present, except the fund commissioners, at these our consultations and computations. We were at our room until night. When we had made out the list and table as above, I was very much disappointed at the rates bid, as well as the amount bid for. Mr. Baker agreed with me that the rate was too low, but he also at once expressed the opinion that the bid should be awarded to H. A. Johnson & Co., their bid being the highest for the whole loan. I disagreed with him, and told him that my determination was fixed, to throw up all the bids, to make no letting at all, as the rates were entirely too low. I felt that 6 or 7 per cent. premium should have been obtained. This difference between Baker and myself led to protracted discussions between us—the point of difference being, whether under our advertisement we were bound to award to the highest bidder. I suggested that, as R. Schenck, of Ohio, a citizen in whose judgment I had great confidence, was in town, he should be called in and consulted. He was called in, and the bids and all about them, as well as our opinions and feelings on the subject, were submitted to him, and all matters pertaining to the subject

freely discussed. After full deliberation, Mr. Schenck expressed the opinion, that under our advertisement and all proceedings had, the State was honorably bound to award the loan to the highest bidder, and that this course was dictated by the usage of the money market. The propriety of taking the bids for parts of the loan, which were at higher rates, one of which was for 8 per cent. premium, was also talked over, but not entered into, for reasons already stated; and the further consideration, that the rejected bidders would combine against the stock in the market, and that after all, the State would make nothing by it, as the State had nobody in New York to protect it.

I did not see Mr. Ludlow nor Mr. Johnson on that day, after leaving the office on William street; nor did I attend any supper, or other collation, at Ludlow's, or any other person's house, that evening, nor any other evening during our then stay in New York. We met Ludlow and Johnson the evening after we agreed to let it, which was on the evening following the day and evening on which the bids were opened. At that time there was no supper, nor collation, in the proper sense of the term. This was at Ludlow's house, and was after we had told Ludlow and others, that we had determined in our minds to award the bid to H. A. Johnson & Co. Ludlow called for us at the Astor House, and I do not recollect that Atwood was with us on that day, nor were we annoyed by him in pressing his counsels upon us. Mr. Thompson did try to do so. He sent word to us, that we ought not to take the bid. So did others—White, of the firm of White & Holland, for instance, who wanted us to let in a bid at 4 per cent. for some Englishman.

H. A. Johnson was introduced to me for the first time, the day after the bids were opened, and after our determination to let the loan to him had been come to, and was known, by E. Ludlow. Atwood may have been present, but I am certain that it was after our determination as above was come to, and previous to the evening on which I met him at Ludlow's house. The award had been made, and was beyond retraction.

There was no business transaction of any kind between Ludlow, Johnson or ourselves, at the meeting at Ludlow's house. No money was loaned, no note drawn; nor was there then, nor at any time, any agreement, tacit or otherwise, that I or Mr. Baker, or both of us, were to be partners with H. A. Johnson & Co., or with Ludlow, or both, in the loan, or any part of it, nor any profits thereon, contingent or other-

wise. There was a conversation between ourselves and Ludlow, as to the per centage required to be paid down by the terms of the loan, which was to have been 10 per cent. Mr. Ludlow, representing the Ohio Life and Trust Company, assured us, after the matter had been talked over for sometime, that he would see to the 10 per cent., and that no interest need be paid on the sum thus deposited by the State. The Trust Company was then the legal depository of the State, and the amount to be deposited was $240,000. We left the matter in Ludlow's hands under the above promise, being also satisfied that the rates for the loan being low, there would be no difficulty in disposing of it, nor any danger of Johnson's backing out, as he would, as I then believed, make large profits.

I have never been at H. A. Johnson's house.

Previous to the letting, I spoke with G. S. Coe, Winslow, Lanier & Co., and others, as to the probable character of the bids, and I was much disappointed at the opinions of these latter gentlemen, that we should get very little above par for the loan. I suspected then that their conversations were blinds, and that when the bids were opened, I should find these gentlemen as bidders, and I was chagrined not to find them as bidders, when the bids were opened.

While yet in Ohio, soon after the law authorizing the loan was passed, I consulted Mr. A. Kelley as to the best mode of introducing the loan into the market. I wrote also a letter to Ludlow and Bull, then officially connected with the State, inquiring what they would think of a bid of 6 per cent. premium for the whole loan, stating that a gentleman in Ohio had asked whether we would accept such a bid. The gentleman in Ohio was Robert G. Corwin, of Lebanon. To this letter I received no reply until September, and then Mr. Bull wrote that my letter had strangely been mislaid, and had only been found that morning—that he wished to know, categorically, whether my proposition, contained in my letter, was still open. I replied immediately, that they mistook my letter—that I had made no proposition to them, or anybody else—and that I only wanted advice, not then believing it likely that the Trust Company would bid at all for the loan. The letter of Mr. Bull made a strong impression upon my mind, as it made me believe that the Trust Company would bid for the whole loan. I will, at your request, hunt up and furnish the letters referred to.

I never conversed with Mr. Johnson about the loan before the bids for the loan were opened, nor even before I was introduced to him as above stated. Bull, in his letter, spoke about combinations being formed to get the loans at low figures—that such had been done previously—and that the Trust Company had then defeated it, intimating that it would be done in this instance.

We issued a written order to Mr. Bull, the transfer agent, to issue certificates of the stock only, upon the deposit of the money in the State's depository, the Trust Company, and I know of no violation of this rule.

In relation to the $100,000 of Seneca County Bank State stock, I can only restate my communication of March 8, 1858, to the Governor, which is herewith submitted:

AUDITOR OF STATE'S OFFICE.
COLUMBUS, March 8, 1858.

HON. SALMON P. CHASE,

Governor of the State of Ohio:

In answer to your inquiries, I have the honor to state that, as soon as it was ascertained that the bonds belonging to the Seneca County Bank had been placed in the hands of Atwood & Co., of New York, the Treasurer of State dispatched an agent to that city, who commenced proceedings for their recovery. Having arrived in New York shortly after, with a view to the protection of the interests of the State, I was advised, by the counsel employed by the agent of the State Treasurer, that it would be best to dismiss the suit commenced against Atwood & Co., as they were decidedly of opinion, after a full examination into the facts of the case, that only the balance of the value of the bonds could be recovered, after deducting the amount advanced by Atwood & Co. on them. To avoid tedious litigation, I therefore called upon E. Ludlow, Esq., Cashier of the Ohio Life Insurance and Trust Company, and arranged with him to advance for the State the amount of Atwood & Co.'s claim on the bonds ($61,590 17 less interest on the bonds, then about due, $3,000=$58,590 17), and hold the bonds until repayment of the amount advanced. It was my understanding, though there was no definite arrangement to that effect, that so many bonds would be retained as would equal in amount the sum advanced, and that the rest would be subject to the order of the Treasurer of State. At the time of this

arrangement with the Ohio Life Insurance and Trust Company, Mr. Gibson placed in their hands certain securities, requesting them to collect as fast as they became due, and place the proceeds to the credit of the State of Ohio, towards the release of the bonds. The amount of these securities, as I was informed, was some $61,000 I had an informal memorandum of them, which has since been lost or misplaced. As nearly as I can recollect, they consisted of—

1. Draft of Seneca County Bank on New York	$10,000
2. Draft of Hedges & Co., of Tiffin	5,000
3. Draft of Chamberlin & Co., Cleveland	10,000
4. Draft (drawer's name not remembered)	12,000
5. Draft of Hydraulic Company (indorsed E. S. Hamlin)	12,000
6. Note of Hydraulic Company	12,000
	$61,000

Included in the above are the note and draft of the Hydraulic Company, Nos. 5 and 6. I have been since informed that the *draft* mentioned was given, payable at sixty or ninety days, in satisfaction of the *note* of the same parties; though *both* the note and the draft were counted, in order to make the sum of $61,000. This explanation, if correct, would reduce the securities to $49,000. Of this amount, the Ohio Life Insurance and Trust Company collected and placed to the credit of the State, pursuant to the arrangement made with Mr. Gibson, on

Hydraulic Company (indorsed by E. S. Hamlin)	$11,263 52
Seneca County Bank draft	10,000 00
	$21,263 52

The draft of Hedges & Co. was protested and returned to the Treasurer of State, and, as I understand, can be satisfactorily settled.

The draft of Chamberlin & Co. ($10,000), and the draft of bankers not remembered, No. 4 ($12,000), are in the hands of the sheriff, with the other assets of the Ohio Life Insurance and Trust Company.

Very respectfully,

F. M. WRIGHT, *Auditor.*

I have not found the memorandum of the assets placed by Gibson in Ludlow's hands. The attorney's name consulted was Barney, an attor-

ney in Trinity buildings. The proceedings commenced, were in the nature of an injunction, and we were distinctly told by our attorneys, that the bonds themselves could be recovered, and that all we could get, would be the difference of the value of the bonds above the sum advanced. I think I went to the transfer office of the State, to see in whose names the bonds stood, and they were in the name of Atwood. I may have learned the fact, other than by an examination of the books. The books are now shown to me, and I see I am correct.

On the 27th of June, as I now see from the books, these stocks were transferred to the Bowery Bank. My authority to open the transfer book for this last transfer on the 27th of June, was, as far as I can now recollect, that these bonds were to be transferred to the Trust Company; and I never knew of their being hypothecated to the Bowery Bank, and always supposed and believed that they were held by the Trust Company; and when the Bowery Bank sold State stocks at public auction, after the failure of the Trust Company, I did not know that they were the Seneca County Bank State stocks.

The understanding with Ludlow as to his, or rather the Trust Company, holding the stocks, and their being transferred to that bank, was that he should hold sufficient to secure himself, and I may have supposed that he would use them to raise sufficient money to cover his advances until repaid, but that the surplus was to be held subject to the order of the Treasurer of State. I so informed the Treasurer of State, and he wrote to Ludlow for them; and Ludlow replied, that the transfer to the State Treasurer should be made as soon as Mr. Coe returned.

I remember being confidentially warned by Atwood against Ludlow, he telling me that Ludlow was often hard run for money; and at the time of the Seneca County Bank State stock transaction, he distinctly told me that he would not deliver the stocks to Ludlow unless he had his money. I never was privy to the transfer of the Seneca County Bank State stocks by Atwood to the Bowery Savings Bank.

The $1,000 note, signed by myself and Mr. Baker, a copy of which is now shown to me, as attached to the deposition of S. J. Broadwell, was given in New York city, on the evening that we started home, at the Astor House. It was a loan of money from Ludlow to Baker and myself, I intending to go into an operation with Baker, which he then contemplated, which I, however, did not go into, but the nature of which I do

not now fully recollect It was to have been a transaction in land. I have written to Baker for full explanations, but he has made no reply. I cannot state where I got my information, but I think Baker informed me, that he had got small accommodations at the Trust Company before, and he suggested to me the land purchase above spoken of, and that we would get the money necessary by a loan from Ludlow individually. I determined to go into it, and invest $2,000. Baker made the arrangement with Ludlow alone. I never spoke to Ludlow upon the subject before the loan was made, but have asked him since whether it had been paid. The note was to have been paid by some securities which were to be placed in Ludlow's hands; but as I abandoned the idea of going into the above operation, I do not know whether they were so placed. Mr. Ludlow informed me, on inquiry, that it had been arranged, and that the note was paid. The note had no connection with the State loan, nor was it given for any profits to be derived from that transaction; nor had it any, however remote, connection, with any act or acts, of the fund commissioners in the matter of the State loan; nor were the $4,000 in any manner a consideration for awarding the loan. I never was a partner in any bid made to the State, for that loan; nor was I ever, by any understanding between myself, or Ludlow, or Baker, or any person else, to become the recipient of any portion of the expected profits.

In the winter of 1856, the then board of fund commissioners sent R. M. Corwine's name to the Senate, as transfer agent of the State in New York, but the nomination was rejected. During the discussion upon this and kindred subjects in the General Assembly, I received the impression that it was expected of us that we should select a bank as the depository in New York, and not an individual; and believing the Trust Company a perfectly safe institution, I went to New York in favor of making it the depository. The law prevented our appointing a corporation as transfer agent and depository also; and Mr. Bull was appointed transfer agent, and the Trust Company the depository. Kimball was then alive and in New York with us. It is my impression that Baker was in favor of different appointments. R. M. Corwine was in New York at that time, but was not an applicant for appointment. After we had made our appointment, Ludlow told me, in conversation with him, that some offer had been made to him to quiet opposition to the selection of the Trust Company as depository. I at once informed him, that had he made an

offer to the fund commissioners, of compensating them for their voting for the appointment of the Trust Company, or of Mr. Bull, no such appointment would have been made, as after such an offer it would have been instantly rejected. I never received any consideration, allowance, or reward or pay of any nature, for my action in this matter; and I was then, and am now, free to act simply from motives of public duty.

So far as the accounts between the State and the Ohio Life Insurance and Trust Company are concerned, I know of no differences except those arising out of the $100,000 of Seneca County Bank State stocks,—the State claiming the whole of the $100,000 and premium. I am not fully advised what the bank claims in this matter.

I never had any knowledge of any defalcation in the Treasury, until notified by Gibson, June 10, 1857, as already stated in my reports.

Mr. Hershiser did, once or twice, come into the Auditor's office, requesting me to notify him a little ahead before drawing heavy drafts. I expostulated with him, stating to him, that our books showed large amounts in the Treasury, and why it was that he seemed afraid of heavy drafts. He told me that Gibson kept the key to the main safe, and only left with him a moderate sum, and whenever Gibson came home he could arrange it,—that therefore he wanted to know a little ahead so as to notify Gibson of the money needed, or make temporary arrangements for them. I could not help but be satisfied with this explanation, as it appeared to me perfectly reasonable that the State Treasurer should not leave $300,000 or $400,000 with a clerk, when $20,000 or $30,000 would suffice. This was in the fall of 1856.

I was told by Ludlow of the difficulties Gibson had to make up the July interest in 1856, and that they were trying to raise, and did raise money by hypothecating State stocks. I surmised that it was some entanglement between Breslin and Gibson, which Gibson was about to get clear of. One of the bonds was shown to me. It was an Ohio domestic bond, and had at some time been in the State Treasury, being indorsed by J. G. Breslin, Treasurer of State. All domestic bonds are indorsed by the person who last held them, and Breslin having them in his possession, is not necessarily a proof of having obtained them wrongfully. I do not know how much money was raised on these bonds.

As to a note signed by myself, Mr. Cole and Gibson, for $1,250, I have to say that it was given as an accommodation paper in part payment of

the purchase money of the Ohio State Journal. The note was paid by Gibson after it had been renewed once. The purchase of the Journal was for Hamlin; at least, for his accommodation I made the note with the other parties.

Last spring, the law authorizing me as acting fund commissioner to remit to New York exchange as fast as money accumulated in the Treasury in amounts of $10,000, I made an arrangement with Bartlit & Smith, at the request of C. L. Johnson, for about $14,000 of exchange, C. L. Johnson holding the paper. Gibson came in the first place, and asked whether the State did not want eastern exchange, and being informed that it did, he offered me drafts drawn by Bartlit & Smith, indorsed by C. L. Johnson and a business man in this city who Mr. Stone informed me was a No. 1, a Mr. Comstock of this city. The transaction was a profitable one to the State, as it saved exchange, and gave us interest for the time the paper had to run. Johnson also agreed to waive all claim of the Seneca County Bank beyond the $100,000 already spoken of. My main consideration for going into the matter, was, however, the favorable terms upon which we got the exchange.

Governor Chase had no connection, in any manner, form or shape, with that note, unless the statement I am about to make connects him with it. Sometime in the summer of 1856, Mr. Hamlin came to me, and informed me, as I had heard by rumor previously, that he and Col. Schouler had bought the Ohio State Journal, and that he wanted me to endorse some notes to enable Follett & Co. to raise money on them. There were two notes of $1,250 each. I refused to endorse them, although assured that there was no danger in it to me. Hamlin afterwards returned with a letter from Governor Chase, in which it was stated to me, that I might rely implicitly upon Hamlin's statements, and also a willingness to guarantee me against any loss resulting from any accomdation extended to Mr. Hamlin. Thereupon, I endorsed the notes as above. They were signed by Schouler & Co., and made payable to me, and then endorsed by me. Hamlin said he did not wish to be known in the transaction. The notes were discounted—one at the Exchange Bank, and the other at the Franklin Branch. The one at the Exchange Bank, was paid by me, and repaid to me by Hamlin at the time he drew his quarterly payment on the canal contract to Forrer, Burt & Co. I never knew that Hamlin was a member of this firm until after the

notes were endorsed by me. When the note first fell due, it was not at once paid, and I called on Gibson to learn why it was not paid. He told me it would be all right, as there would soon be some money due to Hamlin on the canal contract, aud it would then be paid, and it was so paid.

The other note, when it came due, was renewed, by substituting my own note, with Gibson and Cole as endorsers. When this fell due, it was paid by Gibson in March, 1857, and he said money was coming to Hamlin soon, and it could then be arranged. At that time I handed to Gibson the note, and the letter of Governor Chase above spoken of. I did not see the note any more until the spring of 1858, when all the papers connected with the notes, and the notes, were handed to me by Gibson. My note, I have no doubt, was destroyed at the time. The original note and the other papers, are now in the hands of Gibson as I suppose.

When Gibson handed me the original notes, I did not pay him for them. My understanding was, that Gibson would get paid through Forrer, Burt & Co. There was no understanding, nor other business relation, in consideration of which the notes and papers were returned to me.

In the spring of 1858, as already stated, Gibson came to me and asked me, whether we did not want eastern exchange. I said we did. He then said that he had some to sell. It consisted of Bartlit & Smith's drafts, for thirty, sixty, and ninety days, on New York. I consulted with Treasurer Stone, as to the safety of the transaction, as Comstock was endorser. I had explained the whole transaction to Stone. Gibson said it would be an accommodation to C. L. Johnson and himself and he asked me to do it with great solicitude, and represented it as a good transaction to the State; and so it was The State got six per cent. interest, and saved exchange besides. The first draft was paid in New York; the others, as a law had been passed authorizing a temporary loan whereby we would have funds in New York and not need the drafts, were, therefore, not sent forward, but were paid by Bartlit & Smith, adding three-quarters per cent. for exchange, into the State Treasury. Subsequently to the arrangement with Gibson, I bought of Bartlit & Smith themselves $6,000 on the same terms, which were also retained for the same reasons as the others, and paid with three-quarters per cent.

exchange added. The two transactions amounted to $14,000. The money thus invested belonged to the sinking fund. The law authorized such purchases as fast as $10,000 accumulated, and there was a standing order on the books of the fund commissioners authorizing me as acting fund commissioner to make arrangements accordingly.

The return of the notes and papers above spoken of, had no connection with this exchange purchase; nor were they returned as a consideration for making it, neither gratuitously, nor by previous understanding. They were not, in my opinion, handed back to me at that time. I think that they were given to me before. Gibson said, that if in any new purchase of the Ohio State Journal, ever anything came out of these notes, he and Hamlin expected to get their share.

I did not consult with my colleagues about the exchange purchase, as they were not here, and as it was not necessary—the standing orders above spoken of, authorizing me to act alone.

I advised with Governor Chase about the matter, and he acquiesced in my views upon the subject. He said, as regards to the release of a claim of the Seneca County Bank for the $32,128 returned circulation, there was not much in it, but if it was a safe and good operation for the State, he saw no objection to it.

I can give no reason why the fund commissioners did not draw upon the Treasury for investment in exchange and remittance to New York, as directed by the law of April 8, 1856, between July, 1856, and January, 1857. The books showed a balance due to sinking fund during these periods.

F. M. WRIGHT.

Testimony of A. P. Stone, Treasurer of State.

A. P. Stone, after being duly sworn, deposeth and says:

On becoming Treasurer of State, June, 1857, I found, on examining the accounts of the several independent banks, that of the Seneca County Bank, there should have been $209,648.14 of State stocks in the Treasury. There were only $77,520, making a deficit of $132,128.14. I inquired of the chief clerk in the office, about the matter, and he informed me, that they had been sent to New York at the request of the

bank, for the purpose of being converted into stocks maturing at a different date. Of the missing stocks $100,000 were redeemable 1886, and $32,128.14 were stocks that were due in 1856. The latter stocks, ($32,128.14) the then Treasurer of State had taken to New York some six months previous, as I believe. The reason I believe so, is because they were stocks due 1st January, 1856, and the books show that they were then paid.

I at once sent an agent to New York for the purpose of reclaiming those bonds. The agent, on arriving in New York, found the $100 000 had been sent by Gibson to Atwood & Co., and by these gentlemen hypothecated with the American Exchange Bank, as he was informed. He commenced proceedings against Atwood & Co., for the recovery of the bonds. It was ascertained, that Gibson had, as Treasurer of State, drawn on Messrs. Atwood & Co. for $58,500, against these bonds, and Atwood & Co. refused to surrender them, except upon repayment of their advances. Upon advice of counsel, Messrs. Barry, Butler and Humphrey, it was deemed best to make this repayment, and get the bonds released, when they were placed by Mr. Wright, Auditor of State, with the consent of my agent, with the Ohio Life Insurance and Trust Company. The Trust Company had paid to Messrs. Atwood the $58,500, and the bonds were thus taken up by the Trust Company, that bank to hold sufficient of the bonds for the advance which it had made. The Trust Company were to transmit all the bonds not necessary to indemnify them to the State Treasury in Columbus, Ohio. At that time the Trust Company was in first rate standing—July 20 to 25, 1857, and no one suspected but what the bonds were perfectly safe in its hands. Mr. Gibson had, as a part of the arrangement, placed in the hands of E. Ludlow, cashier of the Trust Company, $64 000 in drafts on sundry persons in New York, which were supposed to be sufficient to cover the amount advanced by the Trust Company as aforesaid.

On learning this arrangement from the agent as he returned, I requested the Trust Company to at once have the bonds transferred to me as State Treasurer in trust for the Seneca County Bank; but received no reply. In about two weeks I wrote again, and then received the following letter from Mr. Ludlow:

OFFICE OHIO LIFE INSURANCE AND TRUST CO.,
NEW YORK, Aug. 7, 1857.

A. P. Stone, Treasurer of State, Columbus, Ohio:

Dear Sir: We owe you an apology for an apparent neglect in not sending the certificates of Ohio 6 per cents. The absence from the city of the registrar, we cannot have the countersigning. The stocks are all ready, but for that finishing. If that officer does not return in a day or two, we will send certificates to him for signature.

EDWIN LUDLOW, *Cashier.*

I rested on that, and was absent from Columbus a few weeks. In the mean time the Trust Company failed, and the fact that the State stocks in question had been deposited with the Trust Company having become known in money circles, the Seneca County Bank notes were discredited. I knew that the State was indebted to the Trust Company more than sufficient to cover these bonds, and all other claims due from the company to the State. I issued a circular, of my own accord, after consulting with the other State officers, authorizing county treasurers and collectors to receive the notes in payment of public dues.

I felt safe in doing this, for the reason above given, that the Trust Company owed the State sufficient to make up the $100,000 as above, and for the further reason, that I had taken extraordinary precautions to ascertain the actual circulation of the Seneca County Bank. I had written the bank note engravers for a list of all the blank notes furnished for Ohio banks, including the Seneca County Bank, and then ascertained that some $40,000 could not be accounted for in the Seneca county notes. C. L. Johnson had already returned sufficient notes to cover the stocks of 1856, taken, as previously stated, some time before January, 1857, from the Treasury, amounting to $32,128 14, and these notes so returned had been destroyed; still leaving about $40,000, as stated, unaccounted for. I found some $6,000 in the bottom of the safe, and which left $34,000 deficit. C. L. Johnson, cashier, was in the city at the time, and informed me that he had some months previous written to the then treasurer, Gibson, to procure $34,000 of Ohio stocks, and to draw on him for the amount, and send him circulation; that the circulation was sent, but Gibson had not drawn on him for the money for the bonds, which he, Johnson, supposed had been furnished. I insisted

on having a bond executed, with security, binding the cashier to return sufficient notes of the Seneca County Bank, to make up the above deficit of $34,000. The bond was given and signed by L. Baltzel, binding himself, that Johnson would return said amount of bank notes—which he did, and they were burned.

After that had been done, I had no suspicion that there was still another deficit behind. The county treasurers took the Seneca county money, as authorized by me, and it was bankable nearly all over the State. The notes of the bank were used at the State Treasury, by being paid out for the ordinary demands upon the Treasury. In March last, a suspicion arose in my mind, after having received from the county treasurers some $80,000, that there might be still another overissue. I wrote to the county treasurers who had not made their annual settlements, to forward to me immediately, all the Seneca county money they had on hand, and not receive any more for public dues. Some $20,000 to $21,000 was thereupon brought in, and as that exhausted the amount of bonds as above explained, I refused to receive any more of the notes. We have since had another more detailed statement made of the whole circulation account of the Seneca County Bank; and it now appears. that $28,484 of the entire amount of notes printed, is still unaccounted for There are none in the hands of county treasurers, that I know of. Neither do I know, of my own knowledge, of any such money in the hands of others. A receiver has been appointed by me, and I understand he has about $15,000, and given certificates.

The following is the receipt I got from C. L. Johnson, Cashier:

OFFICE OF THE TREASURER OF STATE,
Columbus, Ohio, Feb. 18, 1858.

Received of A. P. Stone, Treasurer of State, by the hand of W. H. Gibson, thirty-two thousand one hundred and twenty-eight dollars, it being proceeds of the same amount of Ohio 6 per cent. Stocks, which were due in 1856, and deposited with the Treasurer of State to secure the circulation of Seneca County Bank.

CHAS. L. JOHNSON, *Cashier.*

To my recollection there was no understanding that Gibson should hold my receipt or certificate of burning as a voucher, as if said notes were in Johnson's hands, or that, in the settlement with the State, in

consequence of the misapplication of the bonds, the liability of the State should not be charged by the cancellation and burning of said $32,128. Mr. Johnson wanted such an understanding; but to my recollection it was never assented to.

The receipt, here quoted, was given long after the burning of the notes. The burning took place some time in June and July, 1857.

When I became treasurer, I receipted simply for whatever assets were then in the Treasury. My books commenced with my own transactions, and have been kept separate and distinct from Mr. Gibson's.

A. P. STONE.

Testimony of E. N. Sill, of Cuyahoga Falls, taken before the Commission, June 11, 1858.

E. N. Sill, after being duly sworn, deposeth and says:

I became acting Canal Fund Commissioner, March, 1845, and was in office a little over six years. I was elected by the General Assembly in 1845 and 1848, and again in 1851, and went out of office in pursuance of the terms of the present constitution.

The amount of bond I gave was $200,000. My bondsmen were H. Newberry, H. A. Miller, J. L. Miller, L. W. McClure; the others I do not remember. They all resided at Cuyahoga Falls, Summit county, Ohio.

My associates in office were—*first year*, Joseph Whitehill, Treasurer, and John Woods, Auditor; the remainder of the time, Albert A. Bliss, Treasurer, in lieu of Mr. Whitehill.

As to the $10,600 bond, now deposited in the State Treasury to secure the circulation of the Sandusky City Bank, the transaction arose as follows:

It was made out and deposited with the Sandusky City Bank as collateral security for a loan of the same amount, said bank contracting by its cashier, by contract dated September 24, 1846, and signed W. W. Wetherell, Cashier, which original contract is now in the fund commissioner's office, to return said certificate of the stock of the State of Ohio, upon payment of said loan; which payment was made on the 20th of

July, 1849, by depositing the balance then remaining unpaid, being $9,574, with Thomas Moodie, cashier of the City Bank of Columbus, on account of and as directed by the proper officers of said bank. The note for which said stock was given as collateral, was, upon the said payment, returned by said Sandusky City Bank, and cancelled, the bank, or its representative, agreeing at the same time to forthwith return to the fund commissioners said certificate of stock, which I supposed was done. I should have seen to that myself, and am to blame for inadvertence, as I trusted to persons from whom I certainly expected a prompt compliance with their promise to me.

The original amount of the loan was $10,000,—the $600 representing interest; and hence the interest paid is only after December, 1847. The ledger of the canal fund commissioners shows the exact disbursement of the $ 0,600. The Sandusky City Bank had no other property in the certificate of stock, except as collateral security.

As to the signature of Mr. Bliss to the note, one year before he was a member of the board of canal fund commissioners, I can only say that I suppose the date to be right. I know the transaction took place in 1846, and Mr. Bliss must have affixed his signature after his accession to office in 1847, probably at the renewal of the note, when there was a verbal extension.

I remember no particular conversations between Mr. Whitehill and myself, or Mr. Wetherell, about this transaction. I did not know that said stock had been pledged to secure circulation by the Sandusky City Bank. I was, in nowise, connected with the said bank privately, nor with the City Bank of Columbus. I know nothing of Mr. Whitehill's relation to the Sandusky City Bank, but have supposed that he was a stockholder of it. We had similar transactions with other banks of the State, and the loan was made by the fund commissioners, aside from Mr. Whitehill. I conjecture, that Mr. Whitehill's not signing the note, arose from his disinclination to sign a note payable to a bank in which he had an interest. I know of no reason why the certificate of stock never was indorsed by Mr. Whitehill. You will perceive, that this particular contract specifies that this special certificate should be returned, upon payment, while the other contracts only required a return of an equal amount of stock. It seems that this certificate of stock never was reported to the Auditor of State, an inadvertence for which there existed no good reason.

The faith and credit bonds of the denomination of which the above certificate was, were all paid. I never knew, nor had I any intimation, until to-day, that said certificate of stock had not been cancelled.

A short time before the expiration of Mr. Bliss' term of office, he told me that his accounts did not balance to an amount of about $40,000. I am not certain as to the amount. The conversation took place some time in December. He told me he was utterly unable to account for it, and asked me to advise with him as to the probabilities, and the best mode to discover the discrepancies; for, as he informed me, he supposed it was altogether in book-keeping. I suggested to him several liabilities to error in their mode of keeping accounts, and recommended to him several individuals reputed to be excellent accountants, to ferret out the discrepancy. I know that he employed one of the gentlemen suggested, a Mr L. G. Burnell, then at Oberlin, now, I suppose, in the State of Michigan. A brother of mine he also employed a little while before he went out of office. Mr. Bliss reported to me, that these gentlemen had discovered several important errors—enough to pay him for the expense of examination—but that the general balance remained unaffected to any material degree.

I never knew the exact amount of the defalcation, and know nothing about its adjustment except what Mr. Bliss told me. I think that he told me that he had secured his bail, and that they had advanced the money to pay the balance. I learned subsequently, either from Mr. Bliss or Mr. Breslin, that some of his bail gave sight checks upon banks to balance his account. I know nothing about conveying real estate to secure the bail, or of the bail to Mr. Breslin. I do not know who all his sureties were. I suppose that Mr. Wm. S. Sullivant, Demas Adams, and D. W. Deshler, were a part. I do not know whether Mr. Bliss has finally settled, but have heard Mr. Bliss say, that he was through the difficulties of his Treasuryship. I was not acquainted with Mr. Bliss' circumstances before he became Treasurer. I know that he was the owner of a very fine house and lot in Elyria, which he sold about the time he came here. I understand that he owns the house he now lives in at Elyria, whether paid for or not, I know not. He did own stock in the Summit County Bank, which he bought while he was Treasurer. I sold it for him at the same price he paid for it. He held it only a short time. I know of no other investment he ever made. I never understood that he had met

with any losses, either by theft, or speculation, or otherwise. He told me that he had learned the defalcation himself only a little time before he informed me of it. I received a letter from him which was exceedingly vague, and my inquiries about the distress of mind he was in, led to his speaking to me about it.

I have no suspicion, nor knowledge, of any bad or good investment made by Mr. Bliss, either for himself or for the State, which turned out bad, and which Mr. Bliss now from a false shame conceals.

The deposit made with the Columbus Insurance Company, was made in the presence of Mr. Bliss, and all the members of the then board of commissioners; also, the clerk. Mr. Bliss approved of it,—it was done unanimously. It was made out of funds applicable exclusively to the redemption of the seven per cent. stocks of the State. We were to get 7 per cent. interest semi-annually, just in time to pay the interest upon said stocks, and the principal was payable when these stocks became due. The deposit was made about two years preceding the first of January, 1852. We were not borrowing money for interest, or any other purpose, at that time, either by temporary or permanent loan. We were applied to by the president and other officers of the company, and solicited to make the deposit. No special reason was given, except they needed the money. I supposed of course they had met with losses. An exhibit of its condition was shown us, and it showed an exceedingly flourishing condition of the company. I would have been smart, if I had kept that exhibit. They showed a million of receipts per annum, and a large amount of new stock lately subscribed. It did not excite my suspicion to see an insurance company borrow, however prosperous it might be, for I was familiar with some of the largest and best insurance companies, that had to borrow occasionally; and the bail we got, in addition, dismissed all fears. The bail was: Joel Buttles, Joseph Whitehill, Thomas Moodie, Demas Adams, Elias F. Drake, Wm. Miner, John Graham, and Mr. Swayne's private indorsement; and then in addition to that, about $80,000 of the stock notes given to the company by its stockholders, which were deposited with the City Bank of Columbus as security for the State, and the bail. I do not know what became of the stock notes. Mr. Moodie gave a receipt for them to the insurance company, who held it in trust for the said bail and the State, as I was advised by Mr. Drake. Mr. Drake gave me a schedule, and that was on file in the fund commission-

ers' office. I gave it, with other papers, to Mr. Pugh, then Attorney General of the State.

We invested some $300,000 with railroad companies of the State, from whom we got personal security, and besides, their bonds,—the security amounting to tenfold the amount deposited. All have repaid, except the deposit made with the Columbus Insurance Company; possibly, some of the claims we turned over to Mr. Breslin, may still be unsettled, but I have until now supposed them all paid The receipts will show how much of these loans were turned over to Mr. Breslin.

The Ohio Life Insurance and Trust Company rendered us a statement of interest at some time before I went out of office. I had the account examined, and adjusted upon their statement. It appeared, after I left the office, that they had made a mistake against themselves, of $1,720 83. I then recast their account, and found that they had really made that error against themselves. The drafts paid, or other payments made, to the Ohio Life Insurance and Trust Company, after January, 1852, and as late as May or July, 1852, were not made by me. I did not owe privately one cent of public moneys, and have not, in any manner, paid any money, or made any subsequent settlement, except my official settlement with Mr. Breslin, then Treasurer of State.

The temporary loan made of the Trust Company about January, 1852, was contracted to pay the interest of January, 1852, and we made the deposits already spoken of, to the Columbus Insurance and Railroad Companies, relying on the repayment of about half a million of the surplus revenue from counties, in which expectation we were disappointed to the extent of the temporary loan aforesaid.

The Treasurer of State was not necessarily the Treasurer of the Fund Commissioners. There were accounts with the Board, and these are indicated on the ledger. The amounts were small The money needed by us for public purposes, was only drawn from the Treasury directly in favor of the parties, and for the specified purposes, and at the very time when they were needed.

No draft drawn upon the Treasury during the official term of Mr. Bliss, and drawn in my favor, remained unpaid to be paid by Mr. Breslin. The drafts stated in the public reports as paid by me in May, June and July, 1852, were paid by time drafts, which we took from banks to save exchange, they allowing us 4 per cent. or its equivalent in ex-

change. We would, in February, as the county treasurers would pay in, and as money would accumulate in the Treasury, after the January interest was paid, take of banks such time drafts thus to save exchange; and in February of 1852, I doubtless remitted such drafts to New York, to pay off the temporary indebtedness with the Ohio Life Insurance and Trust Company, and the payment is marked drawn as these drafts were paid, and not at the dates at which I sent them. I repeat, I made no payments after I left the office. The same practice prevailed whenever we had surplus money in the Treasury.

No money passed directly through my hands. The Auditor of State would draw upon the Treasurer for money applicable to the several funds constituting our department, and for these drafts of the Auditor, the Treasurer would give us drafts on banks, which we again sent to the respective banks, with orders to forward Eastern funds either to us directly, or to the agency in New York, the latter being the most frequent. No Treasurer's draft was ever protested during my official terms. We knew of the existence of funds applicable to the purposes of our office, through the reports to us from the Auditor's office.

It occurred frequently that we would get treasurer's drafts on banks, which we would send forward, and the understanding existed, that in time for July or January interest, they were to remit us exchange, or a time draft at once payable at the period we wanted it. The deposits thus made had this import; the banks got the use of the money long enough to warrant them to furnish us exchange at par; the State had the money, and its deposit thus with banks saved the State premium for exchange; and it would have been the same if the banks had allowed interest on deposits, and we then paid the current premium for exchange. For the January interest, we had to pay premium on exchange almost wholly, as we had no funds during fall with which to effect such arrangements. The July interest was in great part paid without any expense for premium. The basis of the arrangements with banks was at 4 per cent. interest. In loans which we effected from banks, the State paid 6 per cent. interest, generally not in advance. The State has had the decided advantage in the use of money, and the banks loaned oftener to the State than the State to them.

The bank in which Mr. Bliss was a stockholder, received very few if any deposits. There is now no money deposited with that bank.

I was present at no consultations for opposing the passage of the sub-treasury law through the Legislature of 1852. I was requested by Mr. Deming, of the House of Representatives, to draft a bill for closing up the office of Acting Canal Commissioner, which I did; but the law subsequently passed, was not the bill I drafted. As to any bill in reference to the control of the funds applicable to the sinking fund, or any moneys under the management of the Fund Commissioners Board, I was never consulted, nor have I had any connection with legislation otherwise than as above stated. I now recognize in the law "to define the duties of the Commissioners of the Sinking Fund," my bill in its general provisions.

You have called my attention to a draft for $500,000, drawn January 30, 1851. I can only say, the books will show what the proceeds of the draft were applied to. Part of that draft was no doubt to pay some of the preceding January interest, and some was in advance for July interest. In all cases, where the interest at the rate of 4 per cent. made more than the current rate of exchange, the banks allowed us the difference, and the Ohio Life Insurance and Trust Company had an old understanding to this effect.

The answer given in reference to drafting the law above spoken of, is still correct, that is that it was done just as stated, without any consultation as to the motives of such a law, or as to any modifications of its provisions, with any person, my object being chiefly directed to get the proper provisions for enabling me and the old Board to close our accounts, and to transfer all our papers and securities and accounts, to the new Board; as there was, in my and others opinion, some legislation necessary to clear up a doubt as to the intention and true construction of the new Constitution; and with this view I became the draftsman of the bill spoken of. I had not the remotest idea of counteracting the policy of the Constitution, to separate the Treasury accounts and those of the Fund Commissioners, or that of bringing about a greater responsibility and accountability of the Treasurer. My draft was in the shape of suggestions, rather than in the form of a bill.

E. N. SILL.

E. N. Sill recalled, January 7, 1859.

The interest paid to the Fund Commissioners, as shown in the account of the Clinton Bank, as now exhibited to me, may be right, but I have no recollection of the several transactions. So far as I know, this interest, as well as other amounts received by me, was paid over to the State, and it was undoubtedly included in some general entries to interest account.

When the checks of the Treasurer in payment of Auditor's drafts were given to me, I would either hold the checks, or would take certificates of deposit or drafts on New York, (ordinarily drafts on New York) and these I would hold as cash, or the drafts would be remitted to the New York agency, and they were, of course, not entered in the account of the bank, nor anywhere in the books of the Fund Commissioners, except in the general draft of the Auditor.

It sometimes happened that banks remitted to New York under general directions to do so, not only for the checks of the Treasurer, or the certificates of deposit as above, but also for interest, when it exceeded the value of the exchange. This excess of remittance for interest would come to our knowledge by the rendition of the semi-annual account of the Trust Company; and when so ascertained, the amount would be charged to the Trust Company, and credited to interest account. The $20,176 entered November 15, 1850, is an instance of this; also, the $49,763 50 entered January 12, 1852, is another instance. Any interest paid here in Columbus, would be likely to be entered at once in the books, or might be treated as in the other case, being remitted to New York.

I have no recollection of taking a certificate of deposit from the city Bank of Columbus, nor of any interest received on the same; but if such was taken and given, it was for the benefit of the State. I had no arrangements whatever, with private banks or bankers, to receive or hold deposits. But at various times, I had arrangements with perhaps every public bank in the State to allow interest on deposits at the rate ordinarily of four per cent., and to draw for the proceeds at the current rate for eastern exchange. But so far as I can now recollect, every transaction was adjusted and closed up with the draft so made—the entire benefits accruing to, and being received by the State.

I have no recollection of receiving, on the 7th of December, 1850, certificates of deposit from the City Bank of Cincinnati, of $15,000 and $35,000—total $50,000—nor of a draft for $51,173.50. If $1,175.50, or any sum, was allowed for interest, it was doubtless under an arrangement as above—the interest exceeding the exchange by this amount.

I had no knowledge of the fact, that Mr. Bliss had stock in the City Bank of Cincinnati. I think I have heard it said that he did. Mr. Bliss never requested me to deposit in that bank.

So far as I know, the account current of the New York Agency of the Trust Company, was always rendered so as to include interest. I never received from that agency, nor from any of its officers, any compensation in any manner for keeping our account with it, nor as a recompense for awarding to the company, or negotiating with it, any of the State loans.

The loan made in November, 1851, amounting to $200,000, was made to meet the interest upon the public debt, and the principal of the one and a half million seven per cent. loan becoming due on the 31st of December and first of January thereafter. It was repaid January 12, 1852, by me, by my drafts on the Ohio Life Insurance and Trust Company in New York; and these drafts were based upon drafts previously received from various banks of the State for checks which I had regularly received of the State Treasurer, in December, 1851, or January, 1852, before Bliss went out of office. I had taken time drafts from the banks to the extent of these time payments, to save exchange. A portion of the checks from the Treasurer were probably received too late to be converted for the payment of the January interest. The transaction may be stated thus: In November, we felt in duty bound to make everything sure, that there would be no failure in paying the debt falling due December, 31, 1851, and the semi-annual interest due January 1, 1852. The call upon the county treasurers and collectors of the public revenues, as usual, on the 20th of December, was then made, and contrary to our fears, it produced enough, though not all of it in time to cover these purposes, and the proceeds were remitted to New York. As we had, however, made the loan, and as it was payable in New York, we preferred to take time drafts from banks sufficient to complete the repayment of the loan so as to save exchange; and with the proceeds of these time drafts the debt to the Trust Company was paid. The

Auditor's drafts upon Mr. Bliss, which are shown to me, were paid as above indicated.

In my settlement with Breslin, in May 26th, 1852, I paid over the assets mentioned in a receipt of said Breslin, on page 7 of Public Documents, part 1, of 1852–'3, vol. 17, and this constituted all the assets and funds of all description in the hands of the fund commissioners, of which $250,000 belonged to the sinking fund as funds withdrawn from the Treasury. Our settlement had nothing to do with the balance that may have been due to the sinking fund from the Treasurer of State, and remaining in the Treasury undrawn for by the Auditor. Whatever I paid to Breslin, was in addition to what was due from him as balance received from Mr. Bliss, or as proceeds from funds subsequent to his settlement with Bliss. Therefore, whatever was delivered by me to Breslin, was charged to him on our books, and he became accountable for precisely the amount which the fund board was accountable for previous to the delivery. Breslin received of me, altogether, cash assets to the amount of $269,000, being

Cincinnati, Hamilton and Dayton Railroad debt	$110,000
Cleveland and Pittsburgh	100,000
Akron (or Cleveland and Zanesville)	40,000
Draft on Trust Company in New York	19,000

His receipt covers, in addition to the above, a bond of the Ohio University for $5,000, and the Attorney General's receipt for $100,000, being a total of $374,000.

This receipt was not transmitted by me personally to the Auditor of State, but I supposed, that giving it to the Governor, as published in the Public Documents above stated, would bring it to his knowledge. I know nothing of any entries in the Auditor's books in regard to this settlement between myself and Breslin.

Question by Mr. Morgan. Did you represent to Mr. Breslin, the assets thus handed over to him, in any manner as being a part of the money charged to the Treasurer of State, and as being the balance due from Bliss, or part of it?

Answer. I did not—but being asked by Breslin, at, or soon after, my settlement with him in May, as above, whether this was in addition to what he had receipted to the Treasurer for, I distinctly advised him, that

it had no connection with what he had receipted to the Treasurer for, but was in addition thereto.

Question by Mr. Morgan. Were any of the railroad bonds handed over by you to Breslin, represented to him as means upon which to raise money for the sinking fund, or was he in any manner induced, or did he raise money with them or through them, either for you or Mr Bliss?

Answer. Nothing of the kind was done by me, or for me. I never heard of any such transaction, and I do not believe that it was done for or by Mr. Bliss.

I repeat, the loan to the Trust Company was paid before I went out of office, and that it was paid from funds furnished from the Treasury while Bliss was yet Treasurer, and that Breslin had nothing to do with it.

As to the draft of $101,500, obtained December, 1850, of the Commercial Bank of Toledo, and which Mr Matthew Johnson represents as paying an indebtedness of Jos Lake to myself, I wish to say first; if Mr. Lake or any other person had been owing me $100,000, which I could not otherwise collect, and I could have persuaded cashier Johnson to assume and pay me the debt and interest, I should be quite ready to acknowledge it as conclusive evidence of my skill as a financier; but the amount in question was never made to Mr. Lake, but was a deposit with the Commercial Bank of Toledo, made sometime after the first of July, in the year above stated. I have no original recollection of the transaction, but upon inquiry instituted by me, because questioned about it, I believe that the money was originally deposited by me in New York, for the Commercial Bank, and, I think, with the American Exchange Bank, at Mr. Johnson's request, and for which I received and held said cashier Johnson's certificate of deposit until said draft was given in exchange therefor. The draft above spoken of, was paid at maturity, and the proceeds went to pay the interest due on the following first of January.

I have no knowledge of anything remaining unsettled between Bliss and Breslin, after the latter went into office, from any conversations had either with Breslin or Bliss, and I know nothing whatever of their settlement, nor how, where, and when it was made Mr. Bliss never advanced to me or the sinking fund commissioners, so far as I know, in advance of the Auditor's drafts.

E. N. SILL.

Letter from E. N. Sill to John G. Breslin.

CUYAHOGA FALLS, O., July 3, 1852.

J. G. Breslin, Esq.:

Dear Sir: My business does not permit me to be in New York quite as early as I suggested, and I shall not probably meet you there.

I think, from some intimations received, you must have had an interesting time there just before the 1st of July. I conclude that interest was paid as usual, or the telegraph would have advised the world of the fact. This indeed I expected, and am only anxious to know who did it.

I venture to guess, that as a compromise, the Sinking Fund Commissioners appointed the Ohio Life Insurance and Trust Company as transfer agent *pro tem.*, and that Mr. Coe paid the interest. Am I right? I thus conjecture, because they could not have been such hopeless fools as to let you pay the interest; and I do not believe they would dare, upon such short opportunity, to appoint any other one as agent; and I am still more certain that you would not change your ground.

I do not know how soon I may see you. I wish, therefore, now to say, that since I gave you a draft on Mr. Coe, I have been advised by the office of the Ohio Life and Trust Company, at Cincinnati, of a mistake which they made in rendering an account to me just before the close of my term of office, to the amount of $1,720 83. Had I been sooner advised of this, I should of course have made the proper entry on my books, and have drawn upon Mr. Coe in favor of yourself for this sum less than I did.

This amount seems justly due to the company from the State, and I would like to have it paid; and it can be done without resort to others. I have not yet given up your receipt to the fund commissioners, and I will return it to you to be reduced this much, if it meets your approbation, as I think it will. It will require, of course, a further entry on my books, which I shall depend upon having the opportunity to make. Please to advise me if you are willing thus to arrange the matter.

Truly yours, &c.,

E. N. SILL.

Letters of Messrs. Morgan, Beckett, Woods and Breslin.

COLUMBUS, Nov. 5, 1858.

Wm. Beckett, Esq., Hamilton, Ohio:

Dear Sir: Some time in the year 1853, if my memory serves me, Treasurer Breslin was dissatisfied with my action as Auditor of State in debiting him with certain large sums of moneys. The alleged, but unexplained, reason of his complaint was, that my debiting him, as objected to, would render him twice liable for the same money. In conversation with Mr. Woods, some time subsequent, I learned that Mr. Breslin, persisting in his own impressions, had appealed to him in the matter. In the course of the Treasury investigation now in progress, circumstances have induced me to think that Mr. Breslin's letter to Mr. Woods on this subject, may explain in what way the double liability to which he objected was to arise. If such a letter has been preserved, it is highly important that the Treasury Commission shall have the light and aid which it will afford them. As you are the executor of Mr. Woods, I have thought it not improbable that his correspondence may be in your hands. If so, or if it be in the hands of Mr. Woods' family, the Commission will very cheerfully make compensation for the labor which an examination of his papers may require.

An early answer will confer a favor on the Commission, and specially oblige,

Very respectfully,

W. D. MORGAN.

HAMILTON, Nov. 22, 1858.

W. D. Morgan, Esq:

Dear Sir: Your favor came to hand some days ago. Owing to many business arrangements I have not had time to answer sooner. Enclosed you will find copies of two letters from Breslin to Mr. Woods, and also answer of Mr. Woods to one of them. I can find no other letters on file from Breslin to Mr. Woods. Hoping this will reach you safely, I remain,

Yours truly,

WM. BECKETT.

[COPY.]

COLUMBUS, April 22, 1852.

Dear Sir: I forwarded you to-day an appropriation bill. I handed section 3 to Wilson as inserted.

If there is any amendment necessary, will you drop me a line as soon as possible.

I have the honor to remain, &c., &c.,

J. G. BRESLIN.

Hon. John Woods, late Auditor, &c.

[COPY.]

COLUMBUS, Dec. 22, 1853.

Dear Sir: Mr. Sill, in his last report, reports the Sinking Fund to consist of certain Railroad Bonds, &c. The bonds being now paid, I am charged with these funds as *new funds* accruing to the Treasury. If I was charged with them once, or in the Sinking Fund, January 12, 1853, I cannot be charged again upon their payment as I conceive.

I think, indeed I know, there is an error in that account; and my impression is that I am charged twice with those railroad matters.

When will you be up here? I would like to have a conversation with you upon this subject. Let me hear from you soon.

Yours, &c.,

J. G. BRESLIN.

J. Woods, Esq.

(*Reply to the above Letter*)

HAMILTON, 28th Dec. 1853.

Dear Sir: Your lines of the 22d inst. are at hand.

In answer, I state, that the Railroad Bonds, Canal Fund, &c, which were in Mr. Sill's hands, formed no part of the Sinking Fund with which the Treasurer was charged on the books of the Auditor. The funds in Mr. Sill's hands had been once drawn from the Treasury. Mr. Bliss should of course have paid you over all the balance with which he stood charged. The balance against him being in fact only transferred as a

charge against you, and you were properly chargeable with whatever funds you received from Mr. Sill. There may, however, be an error in the account as made out against you by the Auditor. I recollect once looking over the accounts as reported last year, and I did not fully understand how they had been arranged.

I have been for two months trying to get time to visit Columbus. I hope that about the 8th—*the Glorious Eighth*—I will be up, and I will then be very glad to see you, and talk over matters with you.

Truly yours,

JOHN WOODS.

John G. Breslin.

Attest [Copy] John Woods, Jr., December 23, 1858.

Testimony of Robert Hume, taken before the Commission, June 17, 1858.

Was the principal clerk in the Treasury department from the 28th April, 1838, to August 1, 1853,—nine years with Mr. Whitehill, five years with Mr. Bliss, and one and one-half years with Mr. Breslin. The books presented to me are the books of the Treasurer's office during the term of Mr. Bliss, and are all the books known to me to have been kept in the office, except some cash memorandum books, which are not among the number present. Never was clerk of the fund commissioners except for a short period during Bliss' term of office. The system of receipts and disbursements into and from the Treasury, in force during the term of Mr. Whitehill, was continued generally during Mr. Bliss' term.

When money was received into the Treasury, it was on the certificate of the Auditor, and duplicate receipts given to the person making payment, one of which was intended for the Auditor. This was the general rule. There were variations from it, however, as when moneys were received from the county treasurers, or from canal collectors, in advance of their regular settlements. It was the common practice with the county treasurers, to remit moneys received for taxes, to the State Treasurer, in advance of their settlement, by the member of the Legislature from their counties or districts, and occasionally this was done by canal collectors. In such cases duplicate receipts were not given. Moneys paid into the

Treasury in this form, could not appear on the books of the Auditor's office until after final settlements with the county treasurers. The annual settlements with the county treasurers, the quarterly settlements with land officers, and monthly settlements with canal collectors, when made with the Auditor, would show, at some period during the year, the amount of money actually paid into the Treasury for the year. The nearest approach to it would be the 15th of November. No money, to my knowledge, came into the Treasury except in the regular channel, and which was duly reported to the Auditor, during the terms of Mr. Bliss or Mr. Whitehill. During Mr. Breslin's term, certain moneys were paid into the Treasury, as a repayment of loans made by the canal fund commissioners, Sill, Bliss and Woods, which were not reported to the Auditor. The moneys were received from the Cincinnati, Hamilton and Dayton Railroad, $110,000; the other sources not recollected, but the amount in the aggregate was about $129,000, $19,000 of which was a repayment by E. N. Sill.

All payments made into the Treasury, were entered upon the journal, though not actually received by me as clerk. The payments entered in the cash book, were all paid to me, therefore moneys may be entered on the journal which did not pass through my hands, but not so with the cash book. The entries in the journal were not always made at the time of the transaction, but were made up afterwards from the vouchers, and frequently days and weeks elapsed before the journal entries were made. For instance, turning to the journal, page 91, in the year 1847, the explanation I give of the entries running from June 30 to Nov. 15, is that, most likely, on the last named day, I made all these entries from voucher 2780 to 2964, in one day, the vouchers lying before me, the dates being generally the dates of the vouchers, and not the dates of the payments and numbers of the vouchers being affixed by me at the time. I was at that time the only clerk in the office, and it was impossible to make up the journals and accounts in any other manner. Occasionally I had temporary assistance. During the term of Mr. Bliss, I had one assistant clerk.

The exact state of the Treasury could have been ascertained by making up the journal, in a very short period. Mr. Whitehill frequently required such a posting up of the journal and ledger, but during the term of Mr. Bliss, this was seldom done. There were two apartments to the

vault in the Treasurer's office. The key to the inner or main vault, was never kept by me, but by the Treasurer. I kept the key to the front part of the vault. The larger part of the money in the Treasury was kept in the inner vault, with which I had nothing to do. I kept a memorandum cash book between myself and the Treasurer, in which I kept a record of daily transactions; beyond this, I never knew anything of the condition of the funds in the inner vault, which was at all times under the exclusive control of the Treasurer, and when paid out, or how used, I knew nothing, except as communicated to me by the Treasurer. Both Mr. Bliss and Mr. Breslin were under the impression that Mr. Whitehill had made money as Treasurer, beyond his salary, and made inquiries of me as to the circumstances. My reply was, that if they intended to make any money, in any way, out of their position as Treasurers, I did not want they should let me know anything about it. Mr. Breslin may not have asked me if Mr. Whitehill made any money, but inquired as to whether Bliss did. The banks would sometimes get in want of money, and obtain from the Treasurer a deposit to aid them temporarily; sometimes they would want drafts upon Cincinnati and other points where the Treasurer had money, in exchange for currency, and exchanges of this character would take place.

The bank accounts generally arose by deposits being made by county treasurers, canal collectors, and other receivers of public moneys in various parts of the State; and in the city of Columbus, the accounts were by deposits made direct by the Treasurer, and sometimes by the county treasurers of the adjoining counties.

Payments out of the Treasury were made on the draft of the Auditor of State, but payments were frequently made in anticipation of such drafts, and State officers, and members of the Legislature frequently drew money in advance of presentation of Auditor's drafts, receipts being taken as the Treasurer's vouchers. The State printer frequently received money in advance, during Mr. Whitehill's term. The judges of the supreme court, and in fact, all State officers, received similar advances, giving their receipts, the transaction not appearing upon the books until after presentation of Auditor's drafts.

During Mr. Bliss' term of office he purchased some real estate, not far from twenty acres, of Mr. Whitehill and others. I do not know the price paid for it, or from whence the money came. I do not know whether

Mr. Bliss was rich or poor, when he came into the office, or when he went out. In fact, I know nothing of his private matters. I first learned that Mr. Bliss was a defaulter, from his telling me about the time he went out of office, that he was not in funds: was short about $60,000 or $65,000. I never suspected such was his condition. Mr. Bliss asked me if there were not some error in the books. I told him there was not, that the books were all correct. He was much depressed in spirit, and I advised him to get some one to examine the books for him, which he did. The balance remaining in the Treasury at the end of Mr. Bliss' term, was paid to Mr. Breslin in currency, and by checks and drafts upon various banks; but after paying out and drawing all he had thus deposited, he was yet short the $60,000 or $65,000. There was an arrangement between Bliss and Breslin in relation to this sum, but the nature of it I do not know. Subsequently, and while I was a clerk for Mr. Breslin, he complained that Bliss' sureties had not used him fairly in the matter—had not carried out their arrangement.

If the books in the Treasurer's office had been regularly posted up, and I had access to the inner vault, I could have made up an accurate statement of the funds, and known whether or not Mr. Bliss was a defaulter. But not being permitted ever to know the condition of the inner vault, it was impossible for me to possess the knowledge necessary to make an accurate statement.

In the ledgers and journals of bank account kept in the Treasurer's office, the entries in case of this city's banks were not made at the time of deposit, or when checks were drawn, but at such times thereafter as the bank book was written up by the bank. An instance of this will appear by the ledger, page 28, in account with City Bank. No entries of deposits or checks were made from the 18th March, 1848, to 12th of January, 1852, when the account was made out by the bank, and a journal entry made, showing that there had been deposited $1,054,738 33. The entries in the journal of this date, were not made by me, but by Mr. Burnell. I was the clerk of Mr. Bliss when he went out of office, and was retained in the office by Mr. Breslin, and opened for him in part a new set of books, the intention being to enter upon his books the balances as they appeared upon the books of Mr. Bliss. The cash account, which stands upon Mr. Bliss' books as a credit account to the amount of $552,-987 19, was not entered upon the books of Mr. Breslin by me. The

account was a credit account, because Mr. Bliss had received a large amount from the county treasurers which was not entered on the books. I think the reason why the cash account was not entered upon the books of Mr. Breslin, was because it was not a settled account. I do not know how much money was in fact paid by Mr. Bliss to Mr. Breslin, as that was a transaction between themselves alone. The accounts of the Treasurer were made up to November 15, 1851, showing that there should be a balance in the Treasury of $312,699 26, which agreed with the Auditor's account; but I had no means of knowing, and did not know, whether that sum was in the Treasury or not. Mr Bliss' final accounts were made up by taking that balance, and adding to it the amount of receipts and certificates to county treasurers, and deducting the amount of over-payments as above, the balance showing what Mr. Breslin should have received from Mr. Bliss; but whether that amount was ever paid to him I cannot tell.

Sometimes, the banks—the Trust Company, Bank of Wooster, and the banks which owed balances to the Treasury—would send up packages of their own money for circulation, and occasionally the Treasurer would write to banks for new notes of small denomination in exchange for others, to be circulated. During the years 1839, 1840 and 1841, nor at any other time, was it the practice of the Treasurer to give any information or intimation to the banks or others who had purchased Commissioners' checks, or other evidences of State indebtedness at a discount, that they would be redeemed or paid at the Treasury.

On page 93 of the bank ledger, during Mr. Bliss' term, is an account called "Suspense Account," the debit to which is $325,320 97, of which I know nothing. The account commenced January 3, 1852, and terminated the 12th, being the last ten days of Mr. Bliss' term as Treasurer. I cannot tell why this account was made up, nor how the account was arranged between Bliss and Breslin, nor whether it entered into their settlement.

I never entered to the credit of any account, with or for the State, any sum for interest received by Mr. Bliss on deposits with banks; neither do I know that either he, or Mr. Whitehill, or Mr. Breslin, ever received any interest from any source, for their deposits; nor do I know that the State ever received any interest on deposits made by Treasurers.

I know nothing beyond what I have stated, of the transactions or conduct of either Bliss or Breslin, connected with or relating to the Treasury defalcation, nor any matter that would tend to disclose its nature or extent.

R. HUME.

Subscribed and sworn before us, this 17th day of June, 1858.

ALFRED P. EDGERTON, Commissioner.

Testimony of Christian Bretz, taken before the Commission, Jan' 23, 1858.

Was a clerk in the Treasurer's office under Mr. Breslin. Entered the office the second Monday of January, 1852, at the commencement of Breslin's term, and continued to act as clerk until its close, although I left Columbus on the 12th December, 1855, and went to Greensborough, Maryland, with Mr. B E Smith, of the firm of Bartlit & Smith, at the request of Mr. Breslin. About the middle of January, 1856, I returned to Columbus, and continued as clerk in the office under Mr. Gibson, until the 18th or 20th of February. I was book keeper in the office until August, 1853, time Mr. Hume left. I did not commence the books until after the adjournment of the Legislature. After August, 1853, I was receiver, or paying teller, or chief clerk, whichever it may be called. After the expiration of Mr. Bliss' term, he and his clerks remained in the office three days, I think, and the balances of his accounts were ascertained, although not entered upon Mr. Breslin's books. Mr. Breslin received from Mr. Bliss a statement of the balances, although I believe no regular balance sheet was made out. I do not know whether the balances shown by this statement to be from Mr. Bliss, were paid to Mr. Breslin or not. I think the amount shown to be due from Mr. Bliss was over $[illegible]0,000. Eight or ten months after this statement was rendered, Mr. Breslin informed me that Bliss was short about $60,000.

About the time the first annual report of Mr. Breslin's was made up, after exhibiting to him the balances, as appeared by the books to be in his hands, he remarked that it could not be so, and requested a re-examination of the books, which was had, with the same result. I then sus-

pected he was carrying for Mr. Bliss a larger deficit than that stated. He seemed to be in much trouble about it for some time, and examined the books for himself.

At no time during my clerkship, did I have the entire control of the money, nor did I ever have access to the inner vault, of which Mr. Breslin always kept the key; nor did I ever know the amount of money therein. There were two keys to the outer vault, one of which was kept by the Treasurer, and but one key to the inner vault, which was always kept by Mr. Breslin. I kept the cash book of daily transactions, and when a greater amount of moneys was received than necessary for the ordinary transactions of the day, I paid it to Mr. Breslin, who put it into the inner vault, and from that time forward I knew nothing of it. I was told, or it was rumored, that Mr. Breslin had money transactions with various parties independent of his legitimate Treasury operations, and I was led to believe that they were made with money belonging to the Treasury. Persons were in the habit of coming into the office during and after business hours, with whom I supposed these transactions were had. The most prominent were, D. W. & W. G. Deshler, Charles Bain, formerly a banker here, Bartlit & Smith, M. L. Sullivant, and W. S. Sullivant, although I do not know that W. S. Sullivant visited the office after the final settlement of Mr. Bliss' matters; W. W. Cones, of Cincinnati, John P. Reznor, Wash. McLean, S. Robert, Wm. Sturges, James Espy, Charles Stetson, John S G. Burt, Joseph Cooper, John G. Camp, and H. S. Flint very often, Benj. Tomb, Ozias Bowen, W. H. Gibson, John Gardner, Charles L Johnson, when he lived in Kentucky, and while cashier of the Elkhart County Bank, and while Cashier of the Seneca County Bank, T. P. Handy, T. C. Severence, M. L. Hewitt, J. W. McMillen, Matthew Johnson, Daniel Beckel, John Peters, Samuel Waggoner, J. B. Blondell, and General Marfield. Interviews with these persons were generally in the back office, in private, and frequently, during them, I have seen Breslin take from the inner vault packages of money into the back room, but what use was made of it I do not know. Mr. Breslin never directed me to make any entry upon the books of any transactions with these parties, and if any account was kept, it was private.

Mr. Breslin frequently put money, bank notes, in circulation through the Treasury for these parties, or some of them. The first instance I

recollect, was for Charles Bain, of the notes of the Eastern Bank of West Killingly, Ct , and Orange Bank, New Jersey. These notes were in packages of new notes, and when paid out, were mixed in with other currency. Notes of the Newport Savings Bank were also received and circulated in like manner, for Waggoner and C. L. Johnson. Notes of the Kanawha Bank likewise for W. W. Cones. Elkhart County Bank notes for C L Johnson. Central Bank, Indiana, for O. Bowen. State Stock Bank, Jamestown, for Bartlit & Smith; John F. Bartlit was president of the bank. I do not know in what manner these notes came into the Treasury, but the intention seemed to be to put them in circulation. There was also put in circulation, the notes of the City Bank of Cincinnati, Miami Valley Bank, Bank of Marion, Seneca County Bank, Sandusky City Bank, and the banks here in Columbus. These were generally new notes in packages, and the object was to give them circulation. I never knew how these exchanges were effected, nor how the notes were obtained. Whenever, during Mr. Breslin's absence, I was short of funds, I would borrow for a day or two, of the banks in this city, generally the Clinton Bank. At first, Mr. Breslin did his business here principally with the Clinton Bank, then with the Franklin, and towards the close of his term, with Bartlit & Smith. It frequently happened when the bank was hard up, that their notes would be brought to the Treasury, and other Bank notes given in exchange, with an understanding that the notes were to be kept on hand, or circulated at a distance as far as possible. This was done for all the city banks, and oftener for Mr. Moodie, who seemed to be most frequently short. I do not know that Mr. Breslin, or the State, ever received any interest on deposits with Banks, or that there was any agreement to that effect, except I understood the State received some advantage in the way of exchange.

About the 1st of November, 1855, Mr. Breslin told me I could not possibly retain my clerkship under Mr Gibson. I replied, I had partially engaged to go into a commission house at Cincinnati. He then said he did not know but THEY could give me a situation, meaning, as I understood, Bartlit & Smith and himself. He did not, at that time, state what the situation was. About ten days afterward, he stated THEY had bought a bank in Maryland, and inquired how I would like to move down and take charge of it—that the bank had been badly managed,

and that they wished to change the officers. He told me I should be well paid, and that the situation should be a permanent one. I doubted my ability, but he stated the business would be simple, as the principal part of it would be loans in large amounts of its circulation at the West. The bank was the Farmers' and Merchants' Bank of Greensborough, Maryland. He said he would see Mr. Smith, which he did, as he soon after informed me the arrangements had been made. No amount was stated or fixed for salary. I continued as clerk in the Treasurer's office during my absence, Mr. Breslin drawing my salary to the time he went out, and afterwards paying it to me. I went to Greensborough with Mr. B. E. Smith, in December, 1855, as above stated. In a few days after my arrival, I was elected cashier of the bank, and returned here in January following. All the money I took from here was $50 Mr. Breslin gave me for my expenses. We went by New York and Philadelphia. At New York, Mr. Smith obtained from John Thompson $10,000 in gold, and $10,000 in certificates of deposit with him. I suspected, from some conversation I had with Mr. Breslin, that this money was his. He directed me to keep my movements and business to myself, and when I wished to correspond with him, to enclose his letter under cover to Bartlit & Smith. On arriving at Greensborough, I found the bank in the custody of George W. Goldsborough, one of the directors. The first attempt was to reorganize the board, which, after some difficulty, was effected. I had the resignation of Samuel Waggoner and Henry Waggoner in my pocket, who were the first ostensible owners of this bank, although, from some conversation with Breslin afterward, in relation to the first ownership, I learned they were not the real owners. He told me that if anything was ever said about it, that I should say that Mr. B. E. Smith (of the firm of Bartlit & Smith) borrowed that money, meaning the capital stock first paid in of $40,000, in New York, and took it to Greensborough in gold, but upon whose credit, or upon what securities it was obtained, was another matter; and wanted me to say that the bank, at the start, had the confidence of the community, and if properly managed, THEY would have made money—meaning by THEY, himself, I suppose. I believed this $40,000 thus first obtained, was Mr Breslin's. Mr. Smith was present when this conversation occurred. It was understood, and seemed to be acquiesced in by all present at this time, that Mr. Breslin was the owner of the bank. Mr. Breslin, Mr.

Smith and myself, were the persons present. I believed that Mr. Breslin was the real owner of the bank, and had furnished all the money, and that Bartlit & Smith, or B. E. Smith, were in fact his representatives, and the persons through whom it was necessary for him to act. I considered myself as representing Mr. Breslin's interest.

The capital stock of the bank was $100,000; the whole amount was subscribed by Samuel and Henry Waggoner, and $40,000 paid in, January, 1854, by B. E. Smith, in the manner above stated. The bank was thus organized, and Henry Roussett was elected president, and P. De Burgher, cashier, and commenced issuing circulating notes. In May, 1854, Mr. Smith again went to Greensborough, and paid in (the money being counted by the bank commissioners) $60,000 additional capital, which he obtained in New York, but in what manner, I cannot state, but I presume through Mr. Breslin, as I at all times understood he was the real owner of the bank. This money was paid in during the day, and remained until about 8 o'clock the same evening, when it was taken back to New York, as I was informed by John H. Bradley, who was then teller of the bank, and one of the directors. After this time the bank commenced the issue of its notes to the full amount authorized by law, being $200,000. The whole amount was signed off, and about 150,000 sent West for circulation. There were private marks upon the circulation, one being the letter "O," the other a straight mark in red; one of which designated that issued for Bartlit & Smith, and the other for C. L. Johnson; cannot say to which the different marks belonged. One hundred thousand dollars of this circulation thus marked and sent out, was never entered on the books at all; the other $100,000 was charged to circulation account, for which there was a note of Samuel Waggoner's of $40,000, and an account of $9,000, and some other bills receivable, and accounts of a local character; making the aggregate about $90,000. The cashier, P. De Burgher, told me that the $100,000 not entered upon the books was delivered to Breslin, and that he had two notes of Breslin's for $50,000 each, which he carried in his pocket, but which was never entered upon the books. I never knew what became of the notes of Breslin's. Arrangements were made by Breslin with Bartlit & Smith and C. L. Johnson, to put this $100,000, and the other issues of the bank in circulation, and protect it. John Thompson, of New York; Drexel & Co., of Philadelphia; Johnson & Bros., of Baltimore; and

afterward Samuel Harris & Son, of that City, were in some way parties to this arrangement. Bartlit & Smith, and C. L. Johnson, were to keep their concern in funds to redeem this circulation ; Thompson redeeming at one per cent., with a profit of half of one per cent to himself; and Drexel & Co, at one-half, and the Baltimore firms at three-eighths per cent. Drexel & Co. received from the bank one fourth per cent. as commission, and the other firm one-eighth per cent. commission, and I presume the same amount from Bartlit & Smith, and Johnson. When the marked notes referred to, were presented to either of their firms, they were charged to Bartlit & Smith and Johnson, and returned to them again by express ; and if presented at the bank, they were also redeemed, and sent to the same parties in New York, Philadelphia and Baltimore, who credited the bank with the amount, thus making exchange for the bank, and again returned them to Bartlit & Smith, and Johnson, for circulation.

Among the first things done by me after becoming cashier, was to burn $174,000 of the circulation which had been redeemed by Bartlit & Smith, and Johnson, or in New York. In December, 1855, the night of the 24th, B. E. Smith and myself left Columbus for New York and Greensborough. At New York, Smith had, I know not how, obtained $160,000 of the bills of the bank, which we took to Greensborough. On the night of the 9th of January, 1856, we burned in the bank $174,000 of the circulation.

At that time, the assets of the bank, and notes and bills discounted, amounted to about $90,000, $10,000 of which was Waggoner's note, as above stated, but the note was subsequently taken up by B. E. Smith, and Bartlit & Smith's note given instead. The balance of the assets, exclusive of Waggoner's account of $9,000, was a note of persons in the vicinity of the bank. There was a general dissatisfaction with the community, in regard to the management of the bank, and a petition was presented to the Legislature for the repeal of the charter, which was resisted by myself and the president of the bank, Spencer Hitch, and some of the directors. I ascertained that one of the strong points against us, was that the bank held this note of $10,000 of Bartlit & Smith's, which was payable in the notes of the bank. I telegraphed them, and was advised that I would receive their drafts upon John Thompson for the amount. The drafts were received and paid to me, but the amount was

repaid by me, a short time afterwards, to Bartlit & Smith, or to B. E. Smith.

The charter of the bank was not repealed, and it is yet in operation, and owned as formerly, ostensibly by Bartlit & Smith. The present officers are Spencer Hitch, president, and Henry R. Staley, cashier. None of the officers own any stock The expense of resisting the repeal of the charter, about $10,000, was paid by me out of the funds of the bank, and was Breslin's loss. The expenses of the bank up to January, 1856, after my return, were about $22,000. Of the $40,000 first actually paid in, $15,000 was taken out by Waggoner, and some Tennessee notes left in place of it, and these notes were afterwards taken out by some one—how, I do not know. Waggoner's account of $9,000 was settled by taking his notes, with $250,000 of the Southern Pacific Railroad Stock as collateral.

During the time I was cashier of the bank, being about a year, all my correspondence concerning the affairs of the bank, was with Mr. Breslin, under cover to Bartlit & Smith, and his replies were received through them, which, as he directed me, I always burned. In fact, so secret was the matter kept, that the correspondence with my wife was through Mr. Breslin, and my locality unknown to her.

Mr. Breslin informed me that he was a stockholder in the Cumberland Savings Bank, or as it is now called, the Cumberland City Bank of Cumberland, Maryland; J. M. Schley, president, W. O. Spaythe, cashier, formerly of Tiffin. Mr. Schley informed me, in May, 1856, that he had bought the bank for Mr. Breslin, and that according to his arrangements for Mr. Breslin, he, Breslin, and B. E. Smith, came on to Cumberland, with the money, and paid it down, and elected their officers. Mr. Breslin has since told me the Bank was doing a good business. Not longer than two weeks since, I had some conversation with Mr. Smith in relation to the Greensborough Bank, and understood that it was yet under his control as formerly, and doing well. I do not know of any real estate transactions of Breslin's with Bartlit & Smith, or others; have had no conversation with them in relation to real estate, or any operations with Breslin other than those detailed above, and do not know of any transactions personally.

Mr Breslin told me he owned 26 lots in Omaha City, Nebraska, and I have been told by Charles G. Deshler that Breslin had 1,200 acres of landin Illinois.

I know that on one occasion, W. W. Cones came up from Cincinnati, and he and Breslin very hurriedly left for New York; and I learned that their going was occasioned by Cones losing some $40,000 at a gambling house in Cincinnati; and while there attempted to recover in some way in New York. I attributed Cones' inability to pay his indebtedness to Breslin, in part to this loss. I have also been informed that Breslin had lost money himself in gambling, but know nothing of the amount. Mr. Gibson knew of my going to Greensborough, and inquired how the bank was doing. He had no connection with Breslin in any of the Maryland transactions. I know of no transactions of Mr Gibson with Mr. Breslin, unless they were with or through the Seneca County Bank. I came from Tiffin when I went into Mr. Breslin's office.

I received from Mr. Breslin, for services connected with the Maryland business, $1,000, besides my salary as clerk in the Treasurer's office.

On one occasion, when Mr. Breslin was in Maryland, he said to me that if he had not helped Medary at one time when he was in great pecuniary difficulty, he (Medary) would not have had anything left.

I took part in aiding the nomination of Mr. Gibson for Treasurer, and believe that Mr. Breslin was pretty active in his behalf.

At the time that Breslin went out of office, his balance sheet was made up by a young man named Warner, but I know nothing of the payment over of balances, nor of any other matter connected with either Gibson or Breslin tending to show by what means, or in what manner, the defalcation in the Treasury occurred, other than herein stated.

On the occasion of the examination of the Treasury by Mr. Kelley, during Mr. Gibson's term, Breslin was absent, and some of his boxes in the inner vault was removed by Mr. Wilson. On his return, he became much excited at their disappearance; but understanding they had been removed to Bartlit & Smith's, he went immediately to ascertain their security; and from some remarks of Smith, I was lead to believe they contained currency also—I presumed they contained his private papers. Where they are now I do not know. This information was communicated to me by Mr. Smith, at Annapolis, Md.

CHRISTIAN BRETTS.

Sworn and subscribed before us this 23d day of June, 1858,

ALFRED P. EDGERTON, *Comm'r.*

Testimony of Henry Wilson, taken before the Commission, December 31, 1858.

I was register of bank notes in the Treasurer's office, under Mr. Breslin, from April, 1854, until his term of office expired. My business was to register bank notes for the independent banks; and for a part of the time I was also corresponding clerk in the office. There was a safe in the office, in which was kept the blank notes and the bonds deposited with the Treasurer by the banks for circulation. When the banks wanted circulation, they deposited State bonds with the Treasurer, or notes to be burned up, for which they received dollar for dollar. When bonds were deposited, they were generally handed to me, and I wrote the receipt for them for the Treasurer to sign, and then proceeded to number and register notes, in such denominations as the bank desired to an equal amount. Many of the blank notes were kept in the inner vault because there was no room in the safe.

In the fall of 1855, there was issued to the Canal Bank of Cleveland, either $19,500 or $21,500, which was handed to the Treasurer, with the receipt for the bank to sign on receiving them. The receipt, if any was ever obtained, was never returned to me. For this amount no bonds were ever deposited with the Treasurer, to my knowledge. I do not know that these notes were ever delivered to the bank, but believe they were.

There was also issued to the Seneca County Bank circulating notes without the deposit of bonds—more than once—some of which appears upon the books, and some do not. At one time, some $35,000 or $40,000 were given to the Treasurer of State in the same manner as those to the Canal Bank of Cleveland. In September, 1855, I think, I examined the account, and ascertained that there was an over issue, and so stated to Mr. Breslin. He said he expected to receive bonds by every mail to make up the deficiency. Some $35,000 of the circulation was never entered upon the books, for the reason that I had neither the bonds, nor the receipt of the bank for the circulation, from which the entries were made in the regular official form prescribed in the office.

I know of no other case of over-issue to any other banks.

When I entered upon the discharge of the duties of Register, I took the bonds on the statement of my predecessor. During my continuance in the office, I addressed letters to all the banks of which the Treasurer was

the custodian of the stocks, for a statement, from their books, of the bonds on deposit, which was compared and found correct—the Seneca County Bank and the Canal Bank of Cleveland accounts agreeing, because their over-issue of circulation was not entered on the books.

I know of nothing in any way connected with the transactions of Breslin or Gibson, that would throw any light upon the defalcation in the Treasury, or in any way aid the Commission in the complete discharge of the duties with which they are charged. Mr. Breslin never told me of any of his transactions, and I am entirely ignorant of them, except as they appear upon the books.

HENRY WILSON.

Testimony of Wm. W. Armstrong, of Tiffin, Ohio, as taken before Chas. Reemelin, Commissioner, in reply to interrogatories, December 15, 1858.

Wm. W. Armstrong, on being duly sworn, deposeth:

I am at this time postmaster at Tiffin, and have been intimately acquainted with John G. Breslin, late Treasurer of the State of Ohio, ever since May, 1847. I was a member of his family while he was yet in Tiffin, and was an apprentice of his in the printing business, and afterwards employed by him. Breslin rented his printing office and newspaper establishment in 1851, to John Flaugher. Subsequently he sold it to me, and I own it at this time.

When Breslin left Tiffin to assume the Treasurership, he was in possession of some property, but whether he was in debt for it I cannot say. His printing office was paid for, and that was worth $1,800.

In 1853, I was appointed register of bank notes in the Treasurer's office, and remained there from May, 1853, till April, 1854. Previous to my entry on this office, I paid no attention whatever to Breslin's operations as Treasurer of State, and while in the Treasury department was familiar only with the daily and regular transactions of my department, and only so far as casual observation led me, of the office generally.

I did not board with Breslin at the same hotel in Columbus, nor did he make me a confidant of any of his business transactions. He never spoke to me at that time about being in trouble on account of his predecessor.

When I came into the office of register, the accounts of the several banks were not balanced up to the time that I took charge of the books. Mr. Hume was my predecessor. Finding the books in this open and unsettled condition, I refused to take them off Mr. Hume's hands, and at my request Mr. Hume was continued for some months after I was appointed, for the purpose of bringing up the books. There was, at that time, some trouble about the City Bank of Columbus, as the account of the bank and that of the Treasury did not agree, and as I understood, this diserepancy had existed for several years. The bank claimed, as I now recollect it, that it was entitled to more circulation, and that the account of the different denominations charged to it on the books, was not correct.

While Mr. Hume was engaged in bringing up the books, I posted my daily transactions in the blotter and the journal, but, for reasons already stated, made no entries in the ledger; and this my recollection is now confirmed by looking at the books themselves. There are no entries of mine in the ledger, and Mr. Wilson's, my successor, entries follow those of Mr. Hume; and my transactions, while in office, were entered, either by Mr. Hume or Mr. Wilson, in the ledger. I know of no difficulties in the accounts of the other banks, except in that of the City Bank of Columbus. I wrote, at Mr. Breslin's request, once or twice, to the Seneca County Bank for a statement of their account, but saw no detailed reply, as far as I now recollect. While in office, I never signed any circulating notes for the Seneca County Bank, as it was not then in active operation; and we never burned any of its circulation except in the presence of some one of the officers of the bank. I left my office, as stated, in 1854, and went to Tiffin to take charge of the "Seneca Advertiser," and became its purchaser. After that time, I know nothing of Breslin's public or private pecuniary dealings, beyond his ownership of a house and lot in Tiffin, and my own dealings with him, as purchaser of the printing and newspaper office. I paid for the paper by paying some of his private debts, and by direct remittances, and I do not at this time owe him any thing for the press purchased of him. There is a small open account between us, arising out of collections I am making for him of old newspaper debts, and the amount is very small.

I was not aware that Breslin was connected with Gibson and Johnson in the Seneca County Bank; nor did I know that he was a depositor

there, nor that he had extensive dealings with it, nor have I any such knowledge now. I did not know of any troubles in the Treasury until within a day or two before Gibson resigned. Gibson, then at Tiffin, spoke to me on the subject, as I met him casually, but I do not remember the particulars of the conversation. He asked me whether I knew where Breslin was, and when he would be home. I saw Breslin a week or two after the flare up at Columbus. I came to Columbus on my own business, but called on Breslin, as a friend, at his house. I was alone with him and his wife. The conversation was on general topics, and not upon his treasury troubles. He would not converse upon them to me. There was some talk about Gibson being hasty in his resignation. After Breslin left for Canada, we corresponded together. I have his letters at home, and did not bring them with me, as they are entirely private and friendly letters, and as they do not relate to any matter connected with this investigation, nor would they throw any light upon the several subjects. The letters were addressed by our respective names. During the first week or two, they were transmitted through a friend of his in Canada, an attorney of Breslin's in Windsor, Canada. I have received letters from Breslin for persons in the United States, which I have transmitted to their addresses. Two of the letters were for Samuel Medary, one to Judge Bowen, one to Mr. Borland, and several to Mrs. Breslin while in Ohio; also, some to W. H. Gibson, and C. L Johnson. I think he wrote once to Governor Ford. I know nothing of the contents. A few were to B. E. Smith at Columbus, and probably one to Judge Thurman, and some to General Stickney. I do not remember transmitting any letters to Mr. Breslin, except from parties unknown to me. I suppose one came from Sam. Medary at St. Paul; one or two I believe to have come from B. E. Smith in Columbus; and one from Mansfield. The letters would be directed to J. G. Breslin, and I would put the post office in Canada on such as were not fully addressed already.

I have seen Breslin once since he left for Canada, and that was in May, 1858. I went there at my own inclination, and partly on my own business. I did not go there at the suggestion of Gibson or any person else. I did not go with the expectation of meeting Governor Ford there, and my meeting with him there was accidental. I had heard that Governor Ford would go to see Breslin.

The conversations between Breslin and myself were of a general

character. We had some conversation about the compromise proposition which was before the General Assembly last winter. Breslin expressed a desire to get back to Ohio, if he had a fair chance afforded him. He made some expression like this: "that he had been unfortunate, and that it had always been his pride to pay honorably in his private dealings, and that he wanted to do the same in his public matters." I made him a payment on the printing office at that time of about $300. Breslin did not express to me a want of money. I met Governor Ford there—he arriving from Buffalo in the morning, and I from Detroit in the afternoon. Ford left by the 5 o'clock train for Buffalo. I had a few minutes conversation with Ford, but not in reference to Mr. Breslin, and I do not now remember what passed between myself and Governor Ford. I believe Ford either told me, there or in Ohio, that it was his impression that Gibson had defeated the compromise, and was playing false to Breslin, and I may have mentioned the fact to Mr. Breslin, but cannot remember what his reply was to me on the subject. Ford was at Tiffin twice to see Gibson I suppose, and called on me also, as a friend of Breslin. I have never had authority from Breslin to confer with Ford, or anybody else in the compromise, or any other matter, except as herein stated.

I do not remember what Breslin said about Governor Ford, nor did he tell me the object and result of Governor Ford's visit. I made some remark to Breslin about Governor Ford doing his best to carry the compromise proposition through the legislature, but Breslin did not enter upon the subject. I remember Breslin advising me very earnestly, in moneyed transactions never to put my faith in men, nor to go security for them, as "white man was very uncertain." I said to Breslin that I had heard it intimated that a good deal of the defalcation would be saddled on Bliss, and Breslin made the reply, that there might be some truth in that. Breslin said about Chittenden, that he was an illustrious exile like himself.

At no time did Breslin reveal to me any facts, or give me any hints, except as I have already stated them, which would be likely to throw any light on the purposes and matters of this investigation. I know of no investments by Breslin, nor of any property he has, except a house and lot in Tiffin, and some property in Hancock and Wood counties, being lands belonging to his wife, and which were conveyed to her by

her father. I have heard of his having lands in Illinois, but know no particulars. I have heard of his being in Minnesota, and in the West, but never heard, nor do I know of any investments then and there made.

I have not in my possession, nor do I know, where John G. Breslin's private papers are.

W. W. ARMSTRONG.

Testimony of W. A. Hershiser, as given in reply to interrogatories put to him by the several members of the Commission.

Mr. W. A. Hershiser, after being duly sworn, deposeth and says:

I was clerk during Wm. H. Gibson's term of office as Treasurer, from the commencement until his resignation, and am now clerk under Mr. Stone. I have, during all this time, had charge of the cash drawer, which means that the entire receipts and disbursements of the office passed through my hands—such as were paid over the counter. Such payments as were made through deposits by county treasurers with the banks and bankers, and which either went directly to New York, or were journalized into the Treasury, I had nothing to do with, nor with any expenditures made in a similar manner. Gibson attended to the making up of the requisite sum for the semi-annual interest himself, and only in a few instances did I send by express money to banks for them to transmit exchange to New York, and then only in smaller amounts. My business was the receipt and disbursement of the daily demands upon and payments into the Treasury.

The only book I kept, and now keep, is the cash book, showing these daily transactions; and besides a cash blotter, or memorandum book, in aid of the said cash book. I never received money except upon the certificate of the Auditor, or when treasurers made their advance payments to meet the January interest, and then in pursuance of Auditor's drafts. I paid money only upon the Auditor's warrants, except that I would advance money to clerks in our or other State offices, or to heads of departments, where I knew that there was actually that amount of salary due to them. Such advances were generally deducted from their next quarter's salary. I always entered each day all such transactions, and I

am certain, that it was very seldom indeed, (not more than five times) that I left the office without knowing that my cash was right.

I was clerk in a dry goods store at Tiffin, and had been for twelve years, before I came to Columbus on Gibson's solicitation.

I was well acquainted with Gibson before he was elected Treasurer. He was an attorney in Tiffin, and reputed to be in good circumstances. He was made president of the Seneca County Bank, upon its second organization, and remained such a year or more. He then resigned, and was made president of the Tiffin and Fort Wayne Railroad Company, which position he resigned upon his accession to the State Treasurership. I never knew the amount of stock he held in either the bank or the railroad. I do not know Mr. Gibson's present circumstances, but suppose him to be cramped for means. I do not know of his having stock in the present organization of the Seneca County Bank.

I know nothing of his transactions outside of the office. He was absent from Columbus about half of the time. He was pretty regular in his attendance during January and February, and other busy times. I knew he was often absent to Tiffin; once he went West to Iowa, Minnesota and Wisconsin; once he went to Pennsylvania, stumping for Fremont. I do not know his business in the West. His family remained at Tiffin, and he would return home once a week. There were no back room meetings during Gibson's term, nor any coteries hanging about him which would make me suspect that outside money transactions were going on.

I do not know where Mr. Gibson went to raise money when he would get in trouble. He did seem to be in embarrassment often. The July, 1856, interest, he seemed to raise with ease, as also the January, 1857. I saw him figuring at times when investigating committees were about, but I never asked him any questions, nor did I suspect that anything was wrong, until he went West, and a few days previous to the general expose of the defalcation. I supposed that our being short of cash, arose from time drafts being in the hands of the treasurer, which he was buying ahead to meet the semi-annual interest. I never had access to the main safe, and while my cash book would show what amount of money *should* be in the Treasury, I had no means of knowing whether all of it was actually there, as I had only under my immediate control the funds in the cash drawer and outer vault.

ry 12, 1856, there was money in the drawer, some
did not know whence it came, or who paid it in;
ng about the money in the main vault, nor did I
bson one dollar.
ook an account of stock of the Treasury. He
e for the amount that should be in the Treasury,
owledge, counted all the money in the Treasury,
ise condition by actual count. Balance sheets
while we were in the old State House, as our
nwell. After the office was removed to the new
heets were frequently made, as often as once a
mewhere in the books. Gibson never inquired
ot by looking over the cash book when he came
ported to him voluntarily, and explained to him
now of no moneyed transactions of either Mr.
; nor of any investment of money, or funds of
by them either in railroad or bank stock, or secu-
an I give any information where the money is
her now good or lost, which has been sunk to the
named.
vas Cashier of the Newport Safety Fund Bank,
unty Bank, and then of the Seneca County Bank.
Johnson while he was in Newport. About that
n Tiffin. He does not keep any store now. Mr.
er man, and is intimate with all Tiffin. I think
Newport on the persuasion of S. Waggoner.
ays intimate with Breslin, but not more so than

n & Co. E. B. Searles was teller in the Seneca
s no means to my knowledge except his salary.
e, but am not familiar with his circumstances.
that part of the Treasury which relates to the
for the protection of notes issued by the free or
There is a separate registering clerk. H. Wilson

not know of any way in which an overissue of circulation could have occurred, except by collusion between the Treasurer of State, or Registry Clerk, and the Cashier of the bank respectively, when it took place, and this might have been at the very organization of the bank, or subsequently. There is an overissue in the Seneca County Bank. I do not know how or when it occurred. During last summer we received and paid Seneca county money, the same as other currency. The Treasurer advertised that he would take it, thinking it perfectly secure. We found, sometime in March or latter part of February, that there was an overissue. We ascertained it through the notes in our possession. We had nearly $100,000, the amount that should be out, and they were coming in rapidly. We suppose the overissue to be about $20,000. The $100,000 of bonds upon which the Seneca county notes were based, had been sent to Atwood by Gibson, and by Auditor Wright placed with the Trust Company. On the failure of the Trust Company, it was ascertained that the bonds had been misapplied, but as the State owed the Trust Company $150,000, the $100,000 lost to the State and to the bank through the misapplication aforesaid was made good to the Seneca County Bank by the State, and we protected the circulation up to $100,000, by making it receivable for taxes and other public dues, and thus kept it from going down—the $100,000 saved as aforesaid, being the security for the same.

We had all the funds we wanted during April, and the first weeks of May preceding Gibson's resignation. Sometime in the spring—either the latter part of May, or early part of June—I got the privilege from the Trust Company to overdraw our account some $6,000. Gibson had also informed me that I might draw upon Atwood & Co. in New York, which I did to the amount of some $60,000. These sight drafts on New York I sold at the Franklin Branch, and at Bartlit & Smith's, at ½ per cent. premium, and at the Exchange Bank, who also allowed us ½ per cent., and also one draft for $5,000 to the Clinton Bank, at the same price, for currency to meet the daily demands upon the Treasury. The books did not show any balance in our favor at Atwood's, and I drew the drafts upon Gibson's verbal statement. We kept bank accounts in Ohio at Bartlit & Smith's, Trust Company, Cincinnati, Bank of Commerce, Cleveland, and Piqua Branch Bank, at Piqua.

Mr. Gibson never spoke to me about his matters with Breslin, nor any

other unofficial transactions. Mr. Gibson informed me of his intended resignation on the same day on which it occurred. The Governor, and Auditor Wright, and C. P. Wolcott, Attorney General, were on that day much about the Treasury, and were looking at matters very closely, which made me suspect that something was wrong. I had been short for a week, and sustained the daily payments only through the above drafts. There were about a hundred dollars in the Treasury when Mr. Gibson resigned. I know nothing of some $30,000 received into the Treasury from the Seneca County Bank during the month of April, 1857, nor do I know anything about any transfer of a similar amount from the old Seneca County Bank to the new Bank.

Gibson directed me to send any letters I would write for him, while he was out West, to Sam. Medary, in Minnesota. Mr. Gibson's bail in the criminal suit against him are R. Nevins and R. G. Pennington. I wrote to Gibson once or twice while he was West, and sent him a statement of our condition.

I did not know what account was kept at Atwood & Co. by Gibson, which authorized Gibson to direct me to draw on that firm, as stated above, nor did I know, nor suspect, that it was from money realized from the sale of the Seneca County Bank State stocks of $100,000, sent by Gibson to Atwood, as above stated.

I know nothing, except as above stated, in relation to matters therein treated of, nor of any other matters of which this Investigating Commission has cognizance of, that I have not disclosed, nor of any facts which might throw light upon any of these subjects, which I have not frankly and unreservedly stated and explained, as above set forth.

W. A. HERSHISER.

COLUMBUS, July 9th and 10th, 1858

16	99	May	16	1,180,085	72	.....	.....	99,463	59	1,245,267	77	. .....	This month, American Exhange Bank loans the Agency $100,000, also Manhattan Bank loans
31	55	June	1	1,116,751	47	.....	.....	117,613	18	1,008,566	90	.....	This month, $175,000 is borrowed of several banks, [$100,000
72	74	"	16	1,088,662	71	.....	13,874 60	109,914	45	991 220	98	.....	Borrowed of Manhattan Bank $70 000.
11	18	July	1	808,845	93	.....	13,874 60	135,837	40	1,122,353	35	$5,048 56	do do do
03	34	"	16	631,753	35	.....	13,874 60	93,932	94	1,429,906	22	20,136 23	Borrowed of Ocean Bank $200,000.
15	61	August	1	444,566	59	.. ..	13,874 60	52,102	21	1,657,835	88	5,276 37	Borrowed of sundry Banks, $415,000.
18	53	"	16	411,748	54	.....	.....	118,031	73	1,613,350	27	51,987 79	Borrowed of sundry Banks over $400,000.
26	34	September	1	461,553	15	.....	.....	100,928	26	1,582,207	51	9,137 42	do do do
08	65	"	16	696,039	00	.....	.....	141,265	39	1 550,072	43	4,121 83	Borrowed of sundry Banks about $430,000.
87	88	October	1	386,758	21	.....	.....	91,161	51	1,619.444	33	5,923 81	Borrowed about same amount, part by drawing on Bell, Grant & Co., London.
98	40	November	1	560,140	55	.....	.....	93,206	76	1,541,150	15	5,600 94	Borrowed about $300,000.
68	41	"	17	464,500	21	.....	.....	98,179	19	1,554,556	85	7,220 96	Borrowed of Banks about $270,000.
45	77	December	1	475,019	62	.....	.....	97,763	77	1,517,227	68	7,535 30	do do $275,000.
59	54	"	16	533,927	33	.....	.....	106,682	77	1,632,128	23	2,920 91	Cash account overdrawn, $75,000. Ohio Sinking Fund Commissioners have $243,000 there.
		1857.											
48	77	January	1	481,237	05	.....	.....	100,946	41	1,070,018	23	9,654 87	Borrow still some $130,000 of Banks. There is a special deposit at American Exchange Bank,
74	27	February	16	787,422	74	.....	.....	79,708	78	1,411,342	74	.....	Borrow about $300,000. [of $750,000
00	98	March	16	837,427	57	.....	.....	79,435	11	1,471,169	38	15,068 92	Borrow about $150,000 of Banks.
37	29	April	16	1,213,817	19	.....	.....	139,307	81	1,272,412	23	.....	Borrow about $170,000 of Banks.
17	64	May	1	755,669	63	.....	56,349 91	100,331	86	1,329,644	85	.....	Borrow a little over $200,000 of Banks,
33	78	"	16	742,965	10	.....	.....	101,870	85	1,236 347	83	.....	do do do do
9	96	June	1	656,891	25	.....	.....	136,083	36	1,352,585	35	.....	Borrow $355,000, and Ohio Fund Commissioners have $225,000 there.
73	11	July	1	910,197	98	.....	.....	221,766	73	1,790,708	80	. .....	Borrow about $285,000.
06	84	August	1	1,032,532	23	.....	.....	90,783	96	1,537,080	68	.....	do do $300,000.
27	60	"	24	1,039,054	59	.....	.....	63,870	80	1,639,793	21	.....	This is a statement made up from the books after the Agency suspended.

aled Loans made by Ludlow, were in the "Deposits by Individuals." The statements for December 16, 1855, January 1, 1856, March 16, 1856, and March 1, 1857, are missing. The state-

ing Department from and after failure (including three days previous), to the 31st day of July, 1858.

Cash on hand.	Due to New York Agency.	Date.	Circulation outstanding.	Profit and Interest accrued.	Assignees' Certificates	Check on New York outstanding	Deposits not yet paid.	Due to Trust Department.	Due to Ohio Banks.	Miscellaneous.
		1857.								
92,481 13	$647,283 31	August 21	$3,320 00	$17,269 03	.....	.....	$1,157,569 85	$198, 409 22	$216.677 14	$18,888 63
85,191 29	511.764 03	" 25	3,320 00	17 357 07	.....	.....	1,122,938 92	208.234 01	215,580 30	12 271 41
95,115 51	516 276 50	" 28	3,320 00	17,772 12	.....	.....	733,426 05	396,837 13	163,084 29	10,418 56
92,854 84	349,115 83	September 1	3,320 00	18,368 82	.....	.....	490 389 92	650,179 43	150,361 00	4,374 41
88,223 91	.....	" 4	3,320 00	18,056 00	.....	.....	464,773 76	1,254,258 75	123,460 99	720 00
3 844 33	.....	" 8	3,320 00	17.970 57	.....	.....	407,996 18	1,650,186 09	120.576 42	720 00
27,717 20	.....	" 11	3,320 00	24,662 94	.....	.....	450,960 61	1,820,584 44	85,337 25	720 00
25,383 28	.....	" 15	3,280 00	25,939 14	.....	.....	446,551 58	1,778 840 55	81,059 75	720 00
7,609 99	.....	" 18	3,280 00	24,935 71	.....	.....	437,194 78	1,796,755 24	81,436 45	720 00
3,209 02		" 22	3,280 00	25,081 27			456,297 00	1,986,968 95	76,405 96	720 00

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COLUMBUS, Jul

DOCUMENTARY EVIDENCE

IN RELATION TO THE CANAL BANK OF CLEVELAND.

CLEVELAND O., Jan. 14, 1859.

Messrs. Morgan, Edgerton & Ramsdin, Committee, &c.

Gentlemen: In answer to your circular of 13th December last, I herewith send a statement, marked "A," showing, according to the books of the Canal Bank, the amount of stocks deposited with the State Treasurer by said bank, as a basis for circulation, until its failure in November, 1854, together with the amounts withdrawn from the State Treasury, up to the same period, leaving the balance in the Treasury, $166,163.

The description of stocks are as full as the books will give.

Also a statement, marked "B," of the bank's circulation received from and returned to the Treasurer of State, prior to November 20, 1854.

From this statement, it appears that the outstanding circulation amounted, in November 1854, to..... $105,227

This sum, I believe, is less than it should have been, by..... 18,500

Making in all, at least..... $123,727

My reasons for concluding that $18,500 should be added to the outstanding circulation, as shown by the books, are given in the annexed depositions of J. G. Breslin, late Treasurer of State, and T. C. Severance, late cashier of this bank, marked "C," and "D," by which it appears that about the 11th day of September, 1854, the bank received, *without a deposit of stock*..... $10,000

And again, about the 25th of same month..... 18,500

Making..... $23,500

These amounts, when received, should have been credited to circulation. Had that been done, a large excess of circulation would have been shown, over stocks deposited, in making quarterly reports. I pre-

sume, to prevent such an exhibition, or to mislead an examiner, Mr. Severance credited these amounts to his individual account, as deposits, and they remained to his credit until one day previous to the bank making a general assignment, which was, November 9th, 1854

On the 8th of that month, he was charged with $23,500, and a credit given of $18,500 to the private account of Isaac L. Hewitt, the president of the bank, and $5,000 credited to circulation—the two credits making the sum of $23,500, with which Mr. Severance was charged. The credit of $5,000 to circulation was made as a counter-entry to that amount of stock sent and charged to the treasurer, on October 12, 1851.

Mr. Hewitt, in a settlement, made use of this credit of $18,500. As he never gave the bank a consideration for it, I have commenced suit against him for its recovery.

After the failure of the bank, the Treasurer of State sold the stocks deposited in his office, amounting to $106,168, and with the proceeds redeemed the circulation as it was demanded. In January, 1858, public notice was given, requiring all bill-holders, to present them at the State Treasury for redemption, prior to March 1, 1858, or be thereafter ruled out. The circulation offered, soon exhausted the fund, arising from the sale of stocks, and was still being presented every day for payment. An overissue was apparent, but the amount and the mode in which it occurred were unknown. There being an unexpended balance of about $6,000 in the treasurer's hands, to pay the dividend declared, in favor of the depositors of the bank, he continued to redeem with that, until it was also exhausted. Not being able longer to take up the notes, with money, he gave certificates to parties presenting them before the 1st of March, payable when assets of the bank, sufficient to enable him to do so, should be collected. These certificates amount to more than $12,000. The asssets, deemed good and collectible, will more than take up these certificates. There is yet a small outstanding circulation, but the exact amount it is impossible to determine.

Respectfully,

J. M. ARMSTRONG,

Receiver of Canal Bank of Cleveland.

Sworn to, by the said J. M. Armstrong, before me, and by him subscribed in my presence, this 14th day of January, A. D. 1859.

CHAS. D. EVERETT,

Notary Public for Cuyahoga County.

"A."

Stocks deposited by Canal Bank of Cleveland with Treasurer of State, as a basis of circulation, up to November 29, 1854, as shown by the bank books.

Date of Deposit.	Description of Stocks.	No. of Certificate.	Amount.
1848. Feb. 1	Ohio 6 per cent. Domestic Stocks		$3,893 00
"	" 6 per cent. Foreign "		7,500 00
"	" 6 per cent. " "		21,276 00
"	" 6 per cent. " "		21,224 00
Oct. 19	" 6 per cent. Turnpike Stocks		1,153 64
1849. Feb. 6	" 6 per cent. National Road Bond		151 45
"	" 6 per cent. Foreign Stocks of 1860	21,159	2,500 00
"	" National Road Bond		191 91
Nov. 1	" 6 per cent. Foreign Stocks		3,000 00
1850. Aug. 21	" Domestic Stock		900 00
1851. Aug. 7	" 6 per cent. Foreign Stocks of 1856	5,384	500 00
Sept. 26	" 6 per cent. " 1860	22,793	5,000 00
" 29	" 7 per cent. " 1851	3,352	1,000 00
Oct. 6	" 6 per cent. " 1860	22,808	1,000 00
"	U. S. 6 per cent. Stocks of 1856	385	3,000 00
" 29	" 6 per cent. "	383	3,000 00
1852. Jan. 6	" 6 per cent. Stocks of 1868		500 00
"	" 6 per cent. "		2,000 00
"	" 6 per cent. "		2,000 00
May 1	Texas 5 per cent Stocks	169 and 228	2,000 00
July 26	Ohio 6 per cent. Foreign Stocks of 1856	5,514	4,000 00
" 27	" 6 per cent. " "	5,545	5,000 00
Sept. 4	" 6 per cent. " "	5,556	970 00
Nov. 24	" 6 per cent. " "	5,554	8,000 00
1854. Mar. 7	" 6 per cent. " 1860	23,698	18,000 00
Aug. 18	" 6 per cent. " 1856	5,635	10,000 00
" 26	" 6 per cent. " "	5,558	5,000 00
"	" 6 per cent. " "	5,437	1,000 00
"	" 6 per cent. " "	5,438	4,000 00
"	" 6 per cent. " "	5,487	3,000 00
"	" 6 per cent. " "	5,447	1,000 00
"	" 6 per cent. " "	5,536	4,500 00
Oct. 12	" 6 per cent. " 1860	23,834	5,000 00
	Total deposited		$151,173 00
	" withdrawn		45,005 00
	Balance		$106,168 00

Stocks withdrawn by Canal Bank of Cleveland, from Treasurer of State, up to November 29, 1854, as shown by the books of the bank.

Date of Withdrawal.	Description of Stocks.	No. of Certificate.	Amount.
1849. Nov. 1	Ohio Domestic Stocks		$3,000 00
1852. May 1	Ohio National Road Bonds		1,500 00
Nov. 24	U. S. Stocks	1,660	1,000 00
"	U. S. Stocks	169	1,000 00
"	U. S. Stocks	228	1,000 00
"	U. S. Stocks	3,558	500 00
"	U. S. Stocks	3,320	2,000 00
"	U. S. Stocks	1,043	2,000 00
1853. May 21	Ohio Domestic Bonds		1,703 00
1854. Feb. 6	U. S. Stocks of 1856		3,000 00
March 1	U. S. Stocks		3,000 00
Nov. 11	Ohio 6 per cent. Foreign Stocks of 1856	4,894	1,002 00
"	" 6 per cent. " "	4,892	3,500 00
"	" 6 per cent. " "	5,764	5,000 00
"	" 6 per cent. " "	5,384	500 00
18	" 6 per cent. " "		10,000 00
"	" 6 per cent. " "		5,000 00
"	" 6 per cent. " 1860		300 00
	Total withdrawn		$45 005 00

"B."

Circulation received by Canal Bank of Cleveland, from Treasurer of State, to Nov. 29, 1854, as shown by the books of the Bank.

Date.	Ones.	Twos.	Threes.	Fives.	Tens.	Total.
1846—July 28	$2,000	$800	$1,200	$6,000	$10,000	$20,000
Oct. 26	1,000	800	1,200	6,060	10,120	19,180
Nov. 23	1,000	16	24	70	120	1,230
1847—July 16	380	152	228	1,140	1,900	3,800
Aug. 30	750	300	450	2,250	3,760	7,510
1848—Oct. 16	74	60	90	580	720	1,524
1849—Mar. 29	318	146	219	840	1,440	2,963
April 2	120	70	105	120	120	535
June 16	310	142	213	210	220	1,095
July 9	100	50	75	290	500	1,015
July 10	----	----	----	----	1,100	1,100
Aug. 14	258	106	159	300	300	1,123
Aug. 30	12	----	----	500	500	1,012
Sept. 4	204	200	300	----	300	1,004
Sept. 21	----	----	----	--	1,440	1,440
Oct. 19	44	80	120	1,400	600	2,244
Oct. 30	80	52	78	310	480	1,000
Nov. 21	74	54	81	510	600	1,319
Nov. 24	146	64	96	340	500	1,146
Dec. 18	----	18	27	200	1,000	1,245
1850—Jan. 4	4	----	----	210	800	1,014
Feb. 19	108	68	102	910	1,120	2,308
April 9	162	84	126	390	440	1,202
April 12	112	60	90	320	420	1,002
May 19	90	40	60	310	440	940
June 1	150	68	102	260	440	1,020
July 6	242	100	150	310	320	1,122
Sept. 2	386	100	150	500	740	1,876
Oct. 8	288	92	138	260	300	1,078
1851—Jan. 20	1	----	----	----	----	1
Feb. 28	202	82	123	300	320	1,027
April 23	402	182	273	230	240	1,327
Aug. 4	364	82	123	220	360	1,149
Aug. 14	100	----	----	160	240	500
Oct. 1	32	----	----	1,680	4,360	6,072
Oct. 10	----	----	----	2,000	3,000	5,000
Nov. 1	1,500	600	900	----	----	3,000
Dec. 1	202	124	186	300	400	1,212
1852—Jan. 9	100	200	300	1,000	4,000	5,600
Mar. 11	322	160	240	580	700	2,002
May 15	40	40	60	1,000	520	1,660
Aug. 9	896	364	546	3,450	5,460	10,716
Sept. 13	266	100	150	430	560	1,506
1853—April 4	200	100	150	500	380	1,330
July 19	----	----	----	600	700	1,300

CIRCULATION RECEIVED BY CANAL BANK OF CLEVELAND—*Con.*

Date.	Ones.	Twos.	Threes.	Fives.	Tens.	Total.
1853—Oct. 18	----	----	----	$750	$1,500	$2,250
Oct. 19	$250	$200	$300	----	----	750
Oct. 21	----	----	----	----	100	100
1854—March 9	----	----	----	----	9,000	9,000
March 13	1,000	----	----	4,500	----	5,500
March 24	836	----	270	2,390	----	3,496
April 27	868	----	----	500	3,220	4,588
June 23	----	200	300	1,650	4,000	6,150
Aug. 29	1,000	1,000	1,500	9,000	15,000	27,500
Aug. 29	----	----	----	2,400	----	2,400
Nov. 3	120	52	78	----	----	250
Nov. 6	338	600	900	----	----	1,838
Nov. 8	1,000	600	900	2,500	----	5,000
Total issued----	$18,451	$8,408	$12,882	$60,730	$94,800	$195,271
" returned--	10,336	5,288	7,950	27,810	38,660	90,044
" balance --	$8,115	$3,120	$4,932	$32,920	$56,140	$105,227

Circulation returned by the Canal Bank of Cleveland, to Treasurer of State, to be destroyed, up to Nov. 29, 1854, as appears by the Bank books.

Date.	Ones.	Twos.	Threes.	Fives.	Tens.	Total.
1848—Oct. 16	$76	$60	$78	$70	$110	$394
1849—Feb. 6	50	50	51	50	110	311
March 26	119	94	87	115	120	535
June 8	310	172	213	205	200	1,100
Aug. 6	258	118	159	300	300	1,135
Aug. 16	72	38	75	365	450	1,000
Aug. 28	99	48	72	405	380	1,004
Sept. 11	104	50	78	375	640	1,247
Sept. 25	90	44	72	415	620	1,241
Oct. 8	73	16	60	405	450	1,004
Oct. 20	79	64	72	315	470	1,000
Oct. 31	75	50	84	510	600	1,319
Nov. 17	150	52	114	340	490	1,146
Nov. 30	89	34	57	425	640	1,245
Dec. 21	68	32	48	405	460	1,013
1850—Jan. 19	98	22	48	455	510	1,133
Feb. 4	58	26	69	460	560	1,173
March 4	163	90	117	390	440	1,200
April 4	111	62	84	325	420	1,002
May 3	88	42	60	320	430	940
May 22	145	66	108	250	450	1,019
June 26	237	92	153	290	350	1,122

CIRCULATION RETURNED BY CANAL BANK OF CLEVELAND—*Con.*

Date.	Ones.	Twos.	Threes.	Fives.	Tens.	Total.
1850—Aug. 20	$202	$98	$96	$230	$350	$976
Sept. 27	289	94	135	250	310	1,078
1851—Jan. 23	315	96	156	220	240	1,027
April 16	405	202	255	235	230	1,327
July 9	364	194	201	210	180	1,149
Sept. 22	290	156	132	235	260	1,073
Nov. 5	199	120	198	305	390	1,212
1852—Jan. 6	186	126	153	295	340	1,100
Feb. 24	323	166	234	570	710	2,003
April 9	215	118	162	285	380	1,160
July 19	393	166	246	450	460	1,715
Sept. 7	161	46	105	145	80	537
Nov. 15	186	66	57	65	60	404
1853—March 5	296	68	144	190	130	828
April 29	307	106	183	280	300	1,176
May 21	8	54	69	----	----	131
June 16	290	58	87	485	380	1,300
Oct. 3	466	192	267	1,035	1,040	3,000
1854—Jan. 11	471	148	291	1,070	1 20	3,000
Feb 18	211	52	147	1,040	1,550	3,000
April 24	350	82	168	1,470	1,430	3,500
June 15	284	72	135	2,165	3,490	6,146
Aug. 19	225	64	96	905	1,110	2,400
Oct. 13	118	30	42	740	620	1,550
Nov. 3	34	6	12	285	200	537
Nov. 10	717	774	1,119	2,630	4,760	10,000
Nov. 11	449	360	723	4,670	8,800	15,002
Nov. 15	----	252	373	160	640	1,430
Total returned..	10,336	$5,288	$7,950	$27,710	$ 8,660	$90,044

"C."

[Copy.]

John M. Armstrong, Receiver of Canal Bank, *vs.* Isaac L. Hewett. } Cuyahoga Common Pleas, State of Ohio.

Deposition taken in the above case at the Royal House, in Hamilton, Canada West, on Monday, 9th August, 1858, by consent of parties. Present, the plaintiff and his attorney, E. J. Estep, also, the defendant and his attorney, F. T. Backus, Esq.

John G. Breslin, resident of said Hamilton, and of lawful age, being first duly sworn, deposes as follows:

Question by E. J. Estep, attorney for plaintiff.

No. 1. Where do you reside? Where did you reside in 1854 and 1855. What was at that time your position, or what office did you hold in Ohio, and are you acquainted with the parties to this suit?

Answer. I reside temporarily at Hamilton, Upper Canada. I am acquainted with Mr. Armstrong and Mr. Hewitt, who, I understand, are the parties to this suit. I resided temporarily at Columbus, Ohio, during 1853-4-5, and held the office of Treasurer of State, during those years.

Question No. 2. State what amount of circulation or bank notes for circulation, was delivered by you to the Canal Bank of Cleveland, or its agents in the month of September, 1854. State the circumstances under which it was delivered. To whom it was delivered. At what time or times, and in what sum or sums, and state particularly all the circumstances connected with the transaction?

Answer. My recollection of the facts and circumstances connected with the excess of issue from the Canal Bank of Cleveland, will be embraced in this statement.

In May 1854, I believe, Mr. J. W. McMillen, a large stockholder as I understood, in the Canal Bank, called at my office, and stated that he had received a letter or dispatch from Mr. Severance, Cashier of the Canal Bank, informing him (McM.) that the bank had, through Mr. Atwood's firm in N. Y., purchased $50,000 stocks, and requesting and authorizing him (McM.) to call upon the Treasurer of State and order the preparation of that amount of circulation. I ordered the Register to prepare the amount. When Mr. McMillen was about to leave the city he called upon me and said he had advices from Severance that the stocks purchased might be expected with the earliest mails, and that no doubt they would be at Cleveland upon his (McM's) return. He requested me then, as the bank desired the circulation at once for immediate use, to allow him to receive so much of the circulation as had been prepared for delivery to the bank, assuring me that the stocks should be forwarded for deposit by the first mail after their receipt by the Cashier. I thereupon delivered to him for the bank, I think notes to the amount of $25,000. (The receipt of the bank for the amount whatever it may have been, is on file in the Treasurer's office.) Not receiving the stocks as promised, I wrote to Mr. McMillen on the subject, at once. He replied that the stocks had been purchased by Mr. Atwood for the bank, but before delivery a disagreement occurred between Mr. Atwood and

Mr. Severance in reference to the account of the Canal Bank with Mr. Atwood's house in New York, and that he, Mr. A., for the time being declined to deliver the stocks. He further stated that the difficulty was in a very fair way of speedy adjustment, when the stocks should be delivered, or deposited as promised, which was done shortly thereafter, I believe.

In September, 1854, I believe, Mr. McMillen called upon me and further explained the circumstances which had caused delay in the delivery of the stocks in May, and stated also, that the bank had now arranged with Mr. Atwood to receive the balance of the purchase of $50,000 stocks, and that the stocks were daily expected by the bank, and that no delay might occur to the bank in receiving circulation, he called to request me to have in readiness a certain amount of circulation, (I think $25,000,) urging anxiety upon the part of the bank, he desired me also to deliver him the circulation for the bank, assuring me that the stock should be deposited at once, upon his return. The circulation was delivered to him, (my impression is to the amount of $25,000, or thereabouts,) but as in the previous instance, another "misunderstanding" arose between Messrs. Atwood & Severance, Mr. Atwood having refused to forward the stocks because Mr. Severence had overdrawn his account, or some of the bank's bills, forwarded for collection, had gone to protest.

My uneasiness in consequence of this second disappointment being very great, I sent for McMillen, and demanded an explanation of the causes of delay by the bank, and the immediate deposit of the stocks. He gave me the above statement in substance as an apology for the delay; and that I might feel secure until the matter could be adjusted, he delivered to me certificates of stock in the Cleveland & Pittsburgh Railroad, to the amount of $15,000, and also certificates of stock in the Canal Bank to the amount, my impression is, of $15,000, to hold until the stocks were deposited by the bank, which he agreed should be done at the earliest day possible. Neither Mr. McMillen, nor the bank, however, fulfilled this promise.

In November, 1854, I believe, the bank failed. I heard of its failure about 12 o'clock of the day of the announcement by telegraph. I started for Cleveland at about 1 o'clock same day, to adjust the unsecured circulation of the bank. In the evening I met Mr. Severance and Mr. Hewitt, officers of the bank, for the first time.

After an interview with these gentlemen, they assured me I should be protected, and expressed deep regret that I should have been thus disappointed, &c , but the affairs of the bank at that moment, being in great confusion, they suggested I should return to Cleveland in a few days, and in the meantime some plan of securing or reimbursing me for the excess of issue would be devised by Messrs. Severance and Hewitt, which should be satisfactory to me. I went to Columbus next morning, and in a week thereafter, or thereabouts, (I believe,) I returned to Cleveland, as agreed upon. I met Messrs. Severance and Hewitt in the bank, and spent the evening in consultation upon the business of my visit. After a preliminary statement to me, in the presence of Mr. Hewitt, Mr. Severance proceeded to say that they (Messrs. S. & H.) had arranged the mode in which I should be secured, and that Mr. Hewitt and myself should consult as to details, time, &c. Mr. Severance, then for a time, retired to the counter of the bank, and was apparently engaged in writing, adjusting papers, &c. Presently he returned and participated in conversation with Mr. Hewitt and myself, remarking to me of Mr. H.'s large interest and business connection with the bank, &c., &c. Mr. Hewitt in our interview, stated to me that Mr. Severance and himself had so arranged matters that he (Hewitt) would assume to pay me the amount of the over-issue, or return the excess of circulation himself to me. With this assurance from Mr. Hewitt, I returned to Columbus, and thereafter, I looked to him alone for the adjustment of the over-issue. After some time had elapsed I wrote to Mr. Hewitt on the subject, and urged an early settlement of the matter. Seveal letters passed between us in reference thereto. Mr. Hewitt, in his letters, complained that Mr. Armstrong had pursued such a harsh course towards him that he (H.) had been unable to settle with me, or make any satisfactory progress with his private matters. Mr. Hewitt, at my request, came to Columbus once or twice, (certainly once,) to see me upon this subject, whilst I was in office. After I retired, in January, 1856, I wrote a very urgent letter (probably more than one) to Mr. Hewitt and requested an interview. He came to Columbus in January or February—the latter month I believe. I called at his room at the Neil House. We conversed, as usual, upon the subject of the over-issue. I inquired what he was prepared to do, and as I was out of office, it was important it should be settled without delay. Mr. Hewitt then

repeated his embarrassments to me, and complained that Mr. Armstrong had been the cause of their continuance, &c., &c. He asked me whether I still held the railroad and bank stocks delivered to me by McMillen. I answered, "of course I did; I regarded them as belonging to him, and should deliver them as soon as he paid me, or returned the over-issue," &c.

I visited Cleveland at least twice after Mr. Hewitt assumed to pay me for the over-issue, and had personal interviews with him. The last visit was in the summer or autumn (I believe) of 1855. I went up on Saturday. On Sunday morning I sent for Mr. Hewitt; he replied he would meet me in the evening. He did so, and, upon arriving apologized for not coming in the morning, by saying that he knew it was on business matters I wished to consult upon, and that he preferred not to indulge in business conversations on the Sabbath.

In July, 1857, while sojourning temporarily at Windsor, I noticed Mr. Hewitt's name published among the arrivals at one of the leading hotels of Detroit. I at once despatched a messenger from Windsor, with a note for Mr. Hewitt requesting him to call and see me. The messenger returned and reported that he (Mr. H.) was not in at the moment. My object in sending for him was to again urge a closing up of the over-issue arrangement.

Mr. Hewitt's letters to me I did not retain, as they were of a private nature, and with many others of that sort, I destroyed them at once after perusal, as I now believe.

Question No. 3. What became of the letters sent you by Mr. McMillen, and did you receive any other letter or letters from Mr. Hewitt than the ones you destroyed?

Answer. I destroyed the letters, I presume, sent me by Mr. McMillen, as I have none in my possession that I am aware of. I never received any letters from Mr. Hewitt except upon this subject, and those were destroyed as before stated.

Question No. 4. Did you receive any letters from Mr. Severance, as the Cashier of the bank, on the subject of this over-issue? If yea, what became of them; if destroyed, what were their contents?

Answer. I never received any letters from Mr. Severence upon this subject, that I am aware of.

Question No. 5. Who were present at your first interview with Mr.

Hewitt and Mr. Severance, on the evening of the day the bank failed? and what portion of the conversation occurred in the presence of others?

Answer. When I called at the bank, upon the evening of my first visit, Messrs. Bishop and Backus, attorneys, were present with Messrs. Hewitt and Severance. I had no conversation on the subject of the over issue in the presence of Messrs Backus and Bishop, or any other person at that time.

Question No. 6. Who represented to you after the failure of the bank to send stocks for the second issue, that there had been another misunderstanding between Severance and Atwood?

Answer. Mr. McMillen.

Question No. 7. What was the arrangement by which Mr. Hewitt was to become liable for this over-issue? What did Severance state the arrangement was in the presence of Mr. Hewitt? How was Mr. Hewitt to be compensated for his agreement to take care of the circulation? How did you understand it from the parties?

Answer. Mr. Severance did not state the details of the arrangement. He stated the *fact* of such an arrangement to me in the presence of Mr. Hewitt. I do not know how Mr. Hewitt was to be compensated. Supposing the details to be private, I never inquired of either Mr. Severance or Mr. Hewitt in reference thereto. It was sufficient for me that Mr. Hewitt acquiesced in Mr. Severance's statement.

Question No. 8. Between whom did Mr. Severance say the arrangement had been made—between him and Mr. Hewitt, or between Mr. Hewitt and the bank?

Answer. He said "we," meaning and alluding to Mr. Hewitt and himself—"have agreed how Mr. Hewitt shall be secured to the amount of the over-issue."

Question No. 9. Was there any stock supplied by the bank to apply on this last delivery of currency to Mr. McMillen for the bank? and if so, how much?

Answer. My recollection is that there was one certificate of $5,000 deposited with the Treasurer.

Question No. 10. When did you first communicate these facts to Mr. Armstrong?

Answer. Some time during last Spring I sent for Mr. Armstrong and

communicated the substance of my answer, &c., to him, which was the first time I conversed with him on the subject.

Question No. 11. At your last interview with Mr. Hewitt in Cleveland, what did he say about his liability to pay the amount of this over-issue? And state, if you can, the contents of the letter last sent you by Mr. Hewitt, in which he complained of Mr. Armstrong, as a reason why he had not fulfilled his agreement?

Answer. In that interview, as in all others, our conversation proceeded upon the assumption by myself that Mr. Hewitt did not deny his liability to me for the over-issue, and therefore I did not ask him upon that point. I do not remember the contents of his letter to me, except that he spoke of his continued embarrassment. Mr. Hewitt at no time denied to me, that from and after my interview with him and Mr. Severance, in the bank, at Cleveland, that he was under obligation to indemnify me to the amount of the over issue, or return the same.

He never said anything to me, whether the bank had or had not fulfilled its agreement with him in reference to assuming a liability for the over-issue.

[Signed] J. G. BRESLIN.

Sworn to and subscribed before me, this 9th August, 1858.

P. B. SPOHN.

Certificate and all formalities waived.

RANNEY, BACKUS & NOBLE, Deft's. Att'ys.

"D."

[COPY.]

JOHN M. ARMSTRONG, Receiver of Canal Bank of Cleveland, vs. Isaac L. Hewitt. } Cuyahoga Common Pleas. Money only.

Deposition of T. C. Severance, taken in the above case August 12, 1858, at the office of Messrs. Sokier & Webb, by agreement of parties, on the part of the plaintiff, and to be used in the above case.

Present the plaintiff and his attorney, E. J. Estep, and the defendant and his attorney, F. T. Backus, Esq.

Theodoric C. Severance, of lawful age to testify, being first duly sworn to testify, on oath deposes as follows:

In answer to interrogatories proposed by E. J. Estep, counsel for plaintiff.

First. Where do you reside? Are you acquainted with the parties to this suit? Where did you reside in the years 1853 and 1854? How were you connected with the Canal Bank of Cleveland, Ohio? How long were you its cashier, and when was it closed, or put into the hands of a Receiver?

Answer. I reside in Roxbury, Massachusetts. I am acquainted with the parties to this suit. In 1853 and 1854 I resided in Cleveland, Ohio. I was cashier of the Canal Bank, Cleveland, during those years. I was its cashier three or four years, I think, but cannot say positively. I think it went into a Receiver's hands on the 4th December, 1854. The bank made an assignment on the 9th November previous, and it suspended specie payments on or about the 15th of said November.

Second. What amount of notes of circulation to be issued by said bank were received by the bank from the Treasurer of State during the month of September, 1854? When were they received?

(The defendant's counsel objects to the witness looking at the books of the bank, to refresh his recollection, unless the books were kept by him, or are in his handwriting.)

Answer. The amount was $23,500; ten thousand dollars, I think, were received from the fifth to the tenth of September, and $13,500 from the 18th to the 22d of September. I could not give the dates at all were it not for the books before me. I have a general knowledge and recollection of the amount without the books, but not of the dates. I have examined the books of the bank previous to making any answer to this question

Third. Who procured them from the Treasurer of the State for the bank, and under what circumstances? How came he to procure them from the Treasurer? at whose instance or request? (Objected to by defendant's counsel.)

Answer. I did not procure them, and so far as my knowledge goes, I believe they were procured by J. W. McMillen. I could not state the circumstances, nor how he came to procure them; it was an arrangement

of his own. I don't know that they were procured at the instance of any one other than himself.

Fourth. State whether or not the bank, previous to this, had not determined to increase its circulation, and if so, how was it determined or arranged? (Objected to by defendant's counsel.)

Answer. I had previously held conversation with McMillen upon the subject of an increased circulation of the bank. He thought he might make an arrangement for it, the bank furnishing the stocks for the notes after they were received. There was no definite arrangement. I am aware of none except what was expressed in this conversation. McMillen was a large stockholder in the bank.

Fifth. Who were the owners of the bank, and what amount of stock was owned by each? Who was president of the bank during the month of September, 1854? (Objected to by defendant's counsel.)

Answer. The stock of the bank was owned by Isaac L Hewitt, the defendant, Matthew Johnson, J. W. McMillen, and a man by the name of B. Wood, as I now recollect. There were others who owned small amounts—three or four. Hewitt, Johnson and McMillen owned thirty thousand dollars each, and Wood forty-five hundred dollars. The balance, fifty-five hundred dollars, was owned by the three or four others spoken of—I think by four others. Isaac L. Hewitt was president during this month of September. I am not positive but that Mr. Hewitt held a portion of this balance—I think he did.

Sixth. What amount of notes of circulation were received from the Treasurer of State in the year 1854, previous to the month of September, and by whom were they received and delivered to the bank? (Objected to by defendant's counsel, &c.)

Answer. I can't say positively the entire amount received during the year 1854. There were several amounts received during the month of May, the several amounts together making twenty-seven thousand five hundred dollars. I can't say by whom they were delivered to the bank; they probably came by express I presume they were not received by me. I can't say by whom they were received; they were received by the officers of the bank, by some one of the officers of the bank. I cannot say they were not received by me. I think none were received between May and September. I am not aware of any received prior to May. I

am governed entirely by the books in regard to the whole of this answer as to the amounts and dates.

Seventh. Under what arrangement was the $27,500 received by the bank, or issued by the Treasurer of State? how came the bank to procure this circulation in May? (Objected to by defendant's counsel.)

Answer. I have no recollection especially of this issue in May, except as brought to me by examining the books, nor of any arrangement in regard to it other than such an arrangement as is alluded to in reference to the circulation in September.

Eighth. When did you have the conversation with McMillen which you speak of as the arrangement by which the circulation was procured?

Answer. I can't say; my impression would be that it was before this circulation was received in May, but I have no recollection. It is impossible for me to say that we had any additional conversation on this subject between May and September, but I think it is possible. Of course I saw McMillen.

Ninth. By what officer or officers of the bank were these notes filled up and signed, and what was done with them? And by whom were the twenty-three thousand five hundred dollars signed, and what was done with them?

Answer. The $27,500 were signed by I. L. Hewitt as president, and myself as cashier, and filled up by Huntington, I think, the clerk. They were issued by the bank. The $23,500 were signed and filled up by the same officers, according to my best recollection. They were also issued by the bank.

Tenth. What amount, if any, of State or United States stocks were deposited by the bank with the Treasurer of State for the twenty-three thousand five hundred dollars of circulation received in September, 1854, and when was it deposited?

Answer. I think there was five thousand dollars of Ohio State stocks deposited with the State Treasurer on or about the twelfth of October, 1854, on account of that circulation.

Eleventh. Was there any portion of this $23,500 for which such stocks were deposited, and if so, how much?

Answer. There were no stocks deposited on this account beyond the five thousand dollars of Ohio State stocks, to my knowledge. I mean there were no such stocks.

Twelfth. What knowledge did Mr. Hewitt have of the manner in which the circulation was procured at or about the time he signed these $23,500 notes previous to their issue by the bank?

Answer. I can't say positively, but my impression is that he was aware of McMillen's having made an arrangement for their procurement.

Thirteenth. Did you and McMillen, or either of you, have any conversation with Mr. Hewitt about that time, about the procurement of these notes and the arrangement to deposit stocks with the Treasurer subsequent to receiving them?

Answer. I am not aware of any conversation between myself and Mr. Hewitt on the subject. It is impossible for me to state of any conversation between McMillen and Hewitt on the subject, because I have no recollection of any at the present time.

Fourteenth. State whether or not Mr. Hewitt made any inquiries about the procurement of these notes when called upon to sign them?

Answer. I should think not. My impression is that he was aware of their coming, pursuant to an arrangement made by McMillen.

Fifteenth. To what or whose account was the twenty-three thousand five hundred dollars of circulation entered on the books of the bank, at or about the time of receiving the notes?

Answer. To my individual account.

Sixteenth. Why was the entry made to your individual account?

Answer. I can give no other reason for it, than for my own convenience in keeping an account of them, till there should be an equal amount of stocks deposited with the Treasurer for them.

Seventeenth. What change was made in the account when the $5,000 of State stocks were deposited with the Treasurer?

Answer. There was no change made on that day. There was a change made in the account on the 8th of November, 1854, in which that transaction was embraced. My individual account was on that day charged with the $23,500; five thousand dollars of that sum being credited to office notes issued as against the five thousand dollars of stock deposited on or about the twelfth of October, and the balance of the $23 500, being $18,500, was by me placed to the credit of J. L. Hewitt.

Eighteenth. Why was Mr. Hewitt's account credited with the $18,500?

Answer. The amount was originally placed to my credit for my own convenience in keeping the accounts; the bank was about to make an assignment; I did not wish the money to stand to my credit in such an event, and transferred it to his account also for my convenience till some other disposition could be made of it.

Nineteenth. Did Mr. Hewitt, at or about the time, know of this transfer to his account, and the object you had in making it.

Answer. He did not know it at the time; he was informed of it soon after; I should think it was within a day after.

Twentieth. Was Mr. Hewitt then informed of the fact that the credit was for the amount of notes issued without the deposit of stocks, and if so, by whom?

Answer. I think I informed him of the amount to his credit, and what it was for.

Twenty-first. Was there any arrangement or agreement at or about that time made between the bank and Mr. Hewitt for him to retain this credit, and if so, what was the arrangement?

Answer. I don't think there was any arrangement specially with regard to it. I have no recollection of any.

Twenty-second. State whether or not Mr. Hewitt was entitled to this credit in his dealings with the bank?

Answer. He was not, in my opinion, any more than I would have been while it stood to my credit.

Twenty-third. State if Mr Breslin, the State Treasurer, was at the bank to see about procuring stocks for the $18,500 immediately after the bank assigned?

Answer. He was there, I think, on the evening of the 9th, and, I presume, for that purpose.

Twenty-fourth. State if any arrangement was then made by him with the bank about the stocks, and also state if he saw and talked with Mr. Hewitt about this circulation?

Answer. I do not recollect of any arrangement being made then, though I recollect having a conversation with Mr. Breslin, I think in the presence of Mr. Hewitt, in relation to it, but the bank was then in such a condition, my position and connection with it having ceased, that it was impossible then to say what could be done in reference to it. My connection with the bank had ceased by the assignment made in the

morning. There was a plan spoken of to Mr. Breslin for retiring this $18,500 circulation, which was that of returning a larger amount than we should charge to Breslin's account as Treasurer in sending to take up the stocks in his hands, which excess over the amount charged his account, was to be charged to Mr. Hewitt's account. This plan was not adopted finally, as it was thought better that some arrangement should be made for the entire amount, and thus it was left without any arrangement being made.

Twenty-fifth. State whether or not it was arranged at that time for Mr. Breslin to come back again, when there would be less confusion in the affairs of the bank, and if he did so return, and when?

Answer. I have no recollection of any arrangement at this time for his coming back again. I don't remember his returning again.

Twenty-sixth. Was Mr. Hewitt to render to the bank any consideration for the credit so given him, and if so, what?

Answer. There was no understanding with him, when it was made. I made it without his knowledge—I mean when I made the *credit*.

Twenty-seventh. Was there any arrangement made by the bank to take up the outstanding eighteen thousand five hundred dollars of circulation, and if so, what was it, and with whom?

Answer. I don't think there was any definite arrangement ever made with any one. It was then expected confidently that the bank, having reduced its liabilities, would resume its business—its usual business—and of course, in such an event, the circulation would be retired, with the assets of the bank, and charged to Mr. Hewitt's account, as they should be returned to the Treasurer of State.

Twenty-eighth. State whether or not the understanding with Mr. McMillen to procure the circulation, was made with you as the Cashier of the bank?

(Objected to by defendant's counsel.)

Answer. I don't think that I ever made any arrangement with McMillen. The plan for procuring the circulation in this manner, was conceived and carried out by him on his own account.

Twenty-ninth. Under whose supervision were the entries in your individual account as of the dates 11 and 23 September, made? By whom were they made? And by whom was the letter "B" written on the line of each credit and for what was it placed there?

Answer. The entries in my individual account, as of the dates 11th and 23d September, were made under my supervision, by W. H. Huntington, the book-keeper of the bank. The letter B against September 11, is in my hand writing, against September 23, it is in another hand. I won't say it is Huntington's—I presume it is. It was a private mark to indicate the character of the credit. This refers to the entries in the ledger. The original entries upon the journal were also made by him under my supervision, each with its letter B, but the one under date of the 11th, was made by Huntington, but the B against September 23d was placed there by me. There is a discrepancy in the date of the posting. The last item should have been posted September 25th, and not the 23d.

Thirtieth. What does the letter "B" indicate as connected with these entries on the ledger and journal?

Answer. As I said before, it is a private mark to indicate the character of the credit.

Thirty-first. What was the letter "B" put there for? What does it indicate as to the character of the entry? Explain what it means?

Answer. It indicates in this case to my mind, precisely what "off" indicates in previous entries in my account, which is nothing more or less than "office notes."

Thirty-second. State whether it has any connection with Breslin, the name of the Treasurer of State at that time?

Answer. I should not wonder if it had.

Thirty-third. Don't you know that it was put there to indicate that it represented notes delivered to you by Breslin?

Answer. No more so than in the instances above referred to marked "off."

Thirty-fourth For what purpose was the letter "O" or round check mark placed on the third perpendicular line of the ledger from the right hand margin of the book under dates of May 19 and 22, and June 6, 1854?

(Objected to by defendant's counsel.)

Answer. These marks "O," with two others on the preceding page of the same character, indicate that their aggregate is to be found on the debit side of the ledger, precisely as a cross (+) against the items of September 11 and 22, indicate that *their* aggregate is to be found on the opposite side of the ledger, showing in each case that they are balanced.

Thirty-fifth. State if any conversation was held between Mr. Hewitt and Mr. Breslin at the time Mr. Breslin was at the bank after the assignment, about this $18,500, and if so, what was it?

Answer. I think that the conversation was mostly between Mr. Breslin and myself. I cannot state anything that passed between Mr. Hewitt and Mr. Breslin, though Mr. Hewitt was present, I believe, during all our conversation.

Twenty-sixth. For whom were you acting at the time of this conversation? In what capacity were you doing business in the bank?

Answer. I was in the employ of the assignees, as their clerk, attended to their correspondence in part, perhaps mainly, signing my name "for the assignees."

Thirty-seventh. Do you know of Mr. Hewitt's writing any letters to Mr. Breslin about this time, and after the assignment by the bank, about this $18,500?

Answer. I do not.

Thirty-eight. State whether or not he wrote to you about being sued for this $18,500 since June 19, 1858, in relation to your testimony about it?

Answer. I have received, I think, one or two letters from Mr. Hewitt, in which this subject was alluded to amongst others.

Thirty-ninth. Did you see him yesterday? if so, what time in the day did you first see him, and was the subject of your testimony in this case, talked over between you during the day or evening?

Answer. I saw him for five minutes at half past two P. M.—he passed the evening at my house from six till about nine o'clock. The matter was talked of. Mr. Hewitt and myself having had some correspondence as to the amount which was placed to his credit on the 8th of November, my impression having been that the amount placed to his credit was $23,500 instead of $18,500.

Fortieth. Was the credit of $18,500 entered on the bank book of Mr. Hewitt, or did it only appear on the books of the bank?

Answer. It undoubtedly went on to his bank book, though I did not place it there.

And in answer to cross interrogatories proposed by Franklin T. Backus, counsel for defendant—

First Cross. In answer to the direct question No. 11, you say that

you have no knowledge that any State or United States stocks beyond the amount of five thousand dollars were deposited with the Treasurer of State to apply on the $23,500 circulation received by the bank in September, 1854: are you not aware that Mr. McMillen did deposit with the Treasurer on account of this sum, fifteen thousand dollars of the stock of the Cleveland & Pittsburgh Railroad Company, and the same amount of the stock of the Canal Bank?

Answer. I have no knowledge except through McMillen.

Second Cross. At the time Mr. Hewitt was first made aware that the $18,500 had been placed, by you, to his credit, did he not object to the credit being permitted to stand until he was advised by Mr. Bishop, that it would not do to make any change on the books of the bank after the assignment had been made?

Answer. I don't remember his making objections to this particular transaction, though he insisted strongly that no changes should be made to affect the condition of the bank before going to assignment.

Third Cross. Did you, about one week after the bank made an assignment, on the 9th of November, 1854, or at any other time, at the bank, or elsewhere, state to Mr. Breslin that you, for the bank, or the bank itself had made an arrangement with Mr. Hewitt, by which it was agreed that the latter should take up and return to Mr. Breslin the $18,500 circulation referred to by you in your direct examination, or that any other arrangement had been made with Mr. Hewitt, by any party with reference to this circulation?

Answer. I have no recollection of seeing Mr. Breslin, except on the evening of the 9th November, when the conversation alluded to in my examination in chief was had. I don't think it possible, acting as I was for the assignees, that I could have made any arrangement or proposed any for the bank, or have stated that any had been made with Mr. Hewitt, though Mr. Breslin was informed that it was our intention to see this circulation taken up and returned to him, but there was nothing said by myself or Mr. Hewitt, I think, which could be called an agreement on our part to do so.

Fourth—Cross. You say that the credit of $18,500 given to Mr. Hewitt on the books of the bank, under date of November 8, 1854, was without consideration—did you not at the same time charge Mr. Hewitt on the same books with five thousand dollars? and if so, was not this

charge equally without consideration? and was not the credit so given to Mr. Hewitt in effect reduced to $13,500 by means of this charge?

Answer. I did charge Mr. Hewitt with five thousand dollars, crediting the same amount to my own account. There was no consideration in this case, as there was none in the other. The balance of credit given Mr. Hewitt on that day, embracing the two items transferred from my account, left him in credit thereby only $13,500.

Fifth—Cross. Was it long after the credit and charge to Mr. Hewitt were entered on the books of the bank that the same were written upon his bank book?

Answer. I could not answer.

And in answer to additional direct interrogatories proposed by E. J. Estep, Esq., counsel for plaintiff—

First—Additional. What was the $5,000 charged to Mr. Hewitt for? what did it represent in your account before its transfer to Mr. Hewitt's account?

Answer. The original charge in my account was for an amount of money paid to the Westfield Bank, the same having been previously borrowed of them by the Canal Bank. It was charged to Mr. Hewitt's account for the same reason that the $18,500 was credited to him, namely to get it out of my individual account.

Second—Additional. Was it not the amount of a bill drawn by one of the clerks of the bank, in your favor and accepted by Mr. Hewitt and discounted by the Westfield Bank?

Answer. It was in payment of a bill drawn similarly to the inquiry but endorsed by me as cashier—that is, as near as I can recollect, drawn by Huntington upon Hewitt in favor of myself as cashier, and accepted by Hewitt and discounted by the Pequonnock Bank, I endorsing it as cashier.

Third—Additional. What consideration did Hewitt receive for accepting this bill?

Answer. None whatever.

Fourth—Additional. Was this bill a part of the $20,000 due from Canal Bank to Westfield Bank at time of assignment? explain how it was?

Answer. It was not. The amount due the Westfield Bank was only $15,000, and it was not a part of that. The Canal Bank had previously

borrowed of the Pequonnock Bank $20,000 and has repaid the loan as the papers matured, which payments were charged in my account; meantime a loan was effected with the Westfield Bank for $15,000, which amount was credited to my account as received from the Westfield Bank. The difference, $5,000, between these two loans, is the amount transferred on the 8th November. The transfer on the books should have been designated "Higby," which stands for Pequonnock instead of Westfield.

Fifth—Additional. Did not this $5,000 and the $25,000 due the Stark Bank, make the amount of Mr. Hewitt's stock, and was not the charge, if it remained, to be regarded as a payment of that much of Mr. Hewitt's stock, the balance of which was to remain unpaid until he was relieved from liability to Stark Bank.

Answer. They constitute the amount of his stock, but simply because 25 and 5 make 30. There was no understanding whatever, in relation to the five thousand dollars, even as to its remaining, but there was an understanding, many months before, with Mr. Hewitt, that he should not be required to pay the amount of his stock, as McMillan and Johnson were to do, in consideration of his liabilities outstanding to the Stark Bank and Pequonnock Bank.

And in answer to additional cross-interrogatories proposed by Mr. Backus—

First—Additional-cross. How much of the Pequonnock loan did Mr. Hewitt remain liable on, either directly to the Pequonnock Bank, or to the Westfield Bank, for money borrowed to pay the Pequonnock loan, at the time the Canal Bank failed?

Answer. Fifteen thousand dollars.

[Signed.] T. C. SEVERANCE.

Sworn to on the 13th August, 1858, before Charles A. Welch, Justice of the Peace for Suffolk county, Mass.

Copies of Letters of S. H. Mann, Cashier of the Canal Bank of Cleveland.

CANAL BANK, CLEVELAND, Aug. 28, 1846.

John J. Fisk, Esq., Cashr., New York:

Dear Sir: Your letter of 15th inst., in relation to the loan spoken of, was duly received, and I immediately wrote to E. N. Sill, Esq., the Acting Fund Commissioner, for information. I have to-day received a brief note from him, to say he should be here next week, and would then explain fully to me in person. He remarks, however, in his letter, that every board of fund commissioners has exercised the power, and has reported the same to the Legislature, which has always sanctioned it. He also says, that they have often borrowed money of other banks, and that this question has been raised before, and been examined by the best lawyers in the State, and but one opinion has existed—that they are abundantly authorized.

I have looked at the laws of 1842–43, page 55, sec. 10, in an "act to reorganize the board of fund commissioners," &c., and find they are required to pay the interest on the State debt, and are fully authorized to execute and deliver "all necessary instruments of writing, or papers," &c., to accomplish the object. The loan we made to them, was to assist in paying the interest of the State, on the 1st July last, and I am inclined to think will not be disowned by the State. After seeing Mr. Sill, I will endeavor to inform you more fully upon the point.

* * * * * *

Most respectfully,

S. H. MANN, Cashier.

CANAL BANK, CLEVELAND, O., Aug. 31, 1846.

Dear Sir: Mr. Sill, the Acting Fund Commissioner of Ohio, has not yet been here since I wrote you on the 28th inst.

If the explanations so far as I was able to state them in my last letter are satisfactory to your board as to the legality of the note of $21,276, I will be obliged if you will inform my friend Mr. Severance, who will hand you this; but if the board is not yet satisfied in relation to it, and Mr. Severance desires it, you will oblige me by delivering to him the said note.

Very respectfully,

S. H. MANN, Cashier.

John J. Fisk, Esq., Cashier, New York.

CANAL BANK, CLEVELAND, Sept. 7, 1846.

D. M. Naughton, Esq., Middlebury O.:

Dear Sir: You will recollect I saw you at Akron last season with Mr. Dawes, of Oberlin. I am happy to inform you, that I induced some friends at the east to establish an independent bank here, under my management. We have been in operation about two months. Hope you will call and see me when you come to Cleveland.

Yours truly,

S. H. MANN, *formerly of Oberlin.*

CANAL BANK, CLEVELAND, Oct. 3d, 1846.

E. N. Sill, Acting Fund Comm'r. of Ohio, Cuyahoga Falls:

Dear Sir: You will doubtless recollect the remark you made to me last week, on Friday, "that if I did not receive a letter from you by last evening's mail, or sooner, to the contrary, I should consider the agreement made between us," by which this bank loans the State $20,000, on conditions precisely similar to those embraced in the written agreement between us, of the 7th July last, with this exception: That we are to pay you the amount of the present loan, if in currency, during the last fifteen days of December next, but in time to procure exchange to reach New York on or before the 1st January next—or if in exchange, at the usual rate and payable in New York on or before the said 1st of January.

I have had two copies of the contract drawn—have also signed them, and now enclose them herewith to you. I also enclose the notes of $10,638 each, together, $21,276, mentioned in the contract, which please have duly signed and returned to me, together with one copy of the contract.

To facilitate an early return of the notes, I have this evening enclosed to Mr. Whitehill, treasurer, two certificates of $10,000 each, which I believe is in accordance with the understanding between us.

Yours truly,

S. H. MANN, Cashier.

CANAL BANK, CLEVELAND, Oct. 3, 1846.

Jos. Whitehill, Esq., Treas. of State, Columbus, Ohio:

Dear Sir: In accordance with an arrangement with E. N. Sill, Esq., Acting Fund Commissioner, last week, I herewith enclose two certificates of $10,000 each, for $20,000 deposited to the credit of the Fund Commissioners of Ohio, as per written agreement of the 1st. inst., this day sent to Mr. Sill for, execution. I presume Mr. Sill has already advised you in relation to this matter; or if he has not, he probably will do so in a day or two.

I will be obliged if you will have the amount of our bills registered, to which we shall now be entitled, as soon as may be convenient, and forward the same by express.

The amount of stock mentioned in the contract, as deposited with you, for us, is $21,276.

I am, your obedient servant,
S. H. MANN, Cashier.

CANAL BANK, CLEVELAND, Oct. 10, 1846.

E. N. Sill, Esq., Fund Commissioner, &c., Cuyahoga Falls:

Dear Sir: Having just returned from Buffalo, I find your letter of the 6th inst.

Inasmuch as to require the notes to be payable in the city of New York, is not with us a "sine qua non." I have concluded in this case to alter the arrangement agreeably to your wishes, and have accordingly had two new copies of a contract drawn up to meet the case, and I also enclose two notes drawn after the copy you sent me, *payable at this office.*

One or two things are said in your letter which are not consistent with personal interviews between us, of which I will not particularly speak now, but of which I entertain no doubt of convincing you whenever we meet.

Most respectfully yours,
S. H. MANN, Cashier.

CANAL BANK, CLEVELAND, June 5, 1847.

, Esq., Cashier, New York:

ir: Messrs. Goddard & St. John, of your city, and their friends, ge part of the stock of this bank, and for that reason, it be- irable, on their opening an office in New York, to keep our ount with them. Being highly satisfied with our treatment by , I advised Messrs. G. & St. J. to open an account with you, pleased to learn they have done so. You will find them every y of the highest credit and confidence.

count will probably be entirely closed with you as soon as the t which time please make up the account current and forward

I remain, very truly, your ob't serv't,

S. H. MANN, Cashier.

CANAL BANK, CLEVELAND, July 3, 1847.

oddard & St. John, New York:

en: I forward this day, by express, a package Philadelphia, , Albany and N. E. bank notes for credit $5,000

inclose for collection P. & E. O Gould note at Am. k, August 10–13..... 2,000

. Gould note at Am. Ex. Bank, August 14–17... ... 2,000

emit four pounds sterling, by mail, as addressed below, pay ad advise me the amount charged our account. £4.

ank you to purchase and forward to me by mail $7,500 Ohio s, 6 per cents., or 7's, *not* domestic, unless they are consider- er than those payable in New York. Let them be endorsed *thout either your names or ours upon them.* Also, send me $2,000 nest, roughest, odd, out-of-the-way gold you can find that *eighed* to find its value. Let each variety be by itself and marked, and we will mix it to suit ourselves. Also, send a or little book describing gold coins, their value, &c , by weight. about a dime.

Yours, truly,

S. H. MANN, Cashier.

P. S. Please credit the *whole* package, and charge discount and advise.

P. S. In one or two cases when I was temporarily absent, Severance has signed drafts for small amounts. I knew you would recognize his writing and pay; but we do not mean to depart from the regular rule of drawing only on cashier signature.

CANAL BANK, CLEVELAND, Aug. 31, 1847.

John J. Fisk, Esq., Cashier, New York:

Dear Sir: I will thank you to return to me the Fund Commissioner's note of the State of Ohio, for twenty-one thousand two hundred and seventy-six dollars, payable 15–18th inst., deposited with you for collection by this bank.

Most respectfully,

S. H. MANN, Cashier.

CANAL BANK, CLEVELAND, Nov. 13, 1847.

Dear Sir: Your letter of the 10th inst. is received. The proposition you make would be perfectly acceptable to us, but for two things.

1st. We have an agent in the city who will feel an interest to purchase the stocks for us *as low as possible*, and in my opinion would be likely to purchase them at a better rate for us than Mr. Vermilye.

2d. In purchasing through *our* agent, we save a commission, we should otherwise be obliged to pay.

To meet your wishes, I will propose a modification, as follows: We will direct our agent for buying stocks (H. T. Morgan, Esq.,) to purchase at the stock board or otherwise, any amount not exceeding the value of the notes (say $21,276) and deliver the certificates to Mr. Vermilye, who thereupon shall pay the cost of such purchase *on your account*, and immediately forward the certificates to A. A. Bliss, Esq., Treasurer, *on our account* to take the place of an equal amount of stock now pledged by you for us. In this way the *end* you desire is reached, without *loss* to us or *risk* to you.

The *other* funds are being sent in and I hope soon to have the stocks in Columbus, so that I can give you the order you desire. No unnecessary delay shall be made.

On receipt of advice from you that you have directed Mr. Vermilye to carry out your part of the above arrangement, I will immediately direct Mr. Morgan to make the purchases on our behalf.

I am, sir, most respectfully yours,

S. H. MANN, Cashier.

E. N. SILL, Esq., Fund Commissioner, Cuyahoga Falls.

CANAL BANK, CLEVELAND, Nov. 19, 1847.

Dear Sir: Your letter of 15th inst. came to hand a day or two since, and in the absence of Mr. Mann, have to say that I have instructed our agent in New York, to purchase $21,276, Ohio 6's, and receive his pay of Mr. Vermilye on leaving the stocks with him, and that Mr. V. will be acting under instructions from you as to what disposition he is to make of them.

We will arrange the matters of exchange, &c., in adjusting the papers. The notes to mature have never been out of our hands.

The order on the Treasurer of State being unnecessary, till about the time the stocks arrive from New York, is delayed in consequence of Mr. Mann's absence, as I prefer he should make it, and he will be here in abundant time.

My instructions to the agent in New York, are, that he should buy the amount of $21,276, and that Mr. V. would pay their cost, including his commissions, provided it did not exceed their par value.

It will be promptly attended to.

Very respectfully,

S. H. MANN, Cashier,
Per T. C. SEVERANCE.

E. N. SILL, Esq., Fund Com., Columbus.

CANAL BANK, CLEVELAND, Nov. 29, 1847.

E. N. Sill, Esq., Fund Com., Columbus, O:

Dear Sir: Your letter of the 15th inst. was received during my absence from home. Agreeably to your request I now inclose herein my order on the Treasurer of State for $21,276 of stocks, when an equal amount shall be deposited by you for us.

3,209	.....	.....	133,849	March	1, 1849	50,000	18,803	2 41	88	52,539	2,137	
3,488	.....	.....	136,548	April	2, 1849	50,000	18,803	2,448	388	54,967	3,651	
1,831	.....	.....	143,757	May	7, 1849	50,000	18,803	.....	2,182	55,502	2,654	
2,000	.....	.....	138 050	June	4, 1849	50,000	18,803	227	1,182	55,502	1,664	
2,120	.....	.....	142,691	July	2, 1849	50,000	18,803	1,142	1,182	55,497	931	
2,285	.....	.....	156,752	Aug.	6, 1849	50,000	21,803	1,586	182	57,612	4,176	
2,534	.....	.....	155,930	Sept.	3, 1849	50,000	21,803	2,254	182	56,608	5,281	
2,577	.....	.....	159,762	Oct.	15, 1849	50,000	21 803	3,176	182	55,560	7,745	
1,893	.....	.....	171,657	Nov.	19, 1849	50,000	21,803	153	2,417	55,339	6,105	
1,923	.....	.....	167,475	Dec	3, 1849	50,000	21,803	309	1,417	56,559	2,675	
2,261	.....	.....	173,653	Jan.	5, 1850	50,000	21,803	2,825	1,417	57,805	785	
2,399	.....	.....	172,730	Feb.	4, 1850	50,000	21,893	2,817	417	56,672	1,270	
3,128	.....	.....	172,148	March	4, 1850	50,000	21,803	2,840	417	57,807	6,339	
3,334	.....	.....	175,317	April	22, 1850	50,000	21,803	3,145	417	57,809	9,753	
1,895	.....	.....	171,944	May	20, 1850	50,000	21,803	217	2,440	57,809	6,457	
2,060	.....	.....	184 631	June	24, 1850	50,000	21,803	505	2,440	57,810	5,257	
2,432	.....	.....	177,318	July	22, 1850	50,000	21,803	2,838	440	57,810	17,949	
2,586	.....	.....	194,931	Aug.	26, 1850	50,000	21,803	3,782	440	56.834	13,764	
2,735	.....	.....	226,605	Sept.	27, 1850	50,000	21,803	4,459	440	58,710	27,104	
2,979	.....	.....	214,064	Oct.	14, 1850	50,000	21,803	5,203	440	58,710	15,506	23,348 F. Comm's,
1,835	.....	.....	223,376	Nov.	4, 1850	50,000	21,803	.....	3,912	58,710	14,425	35,944 F. Comm's,
2,054	.....	.....	218,232	Dec.	2, 1850	50,000	21,803	1,095	3,912	58,710	19,728	
2,360	.....	.....	192,415	Jan.	6, 1851	50,000	21,803	4,452	912	58,710	18,410	
2,472	.....	.....	202,885	Feb.	3, 1851	50,000	21,803	4,652	912	57,684	19,203	
2,814	.....	.....	274,797	March	3, 1851	50,000	21,803	5,253	912	58,711	29,079	
3,077	.....	.....	276,175	April	14, 1851	50,000	21,803	7,415	912	58,711	12,322	
1,844	.....	.....	276,415	May	26, 1851	50,000	21,803	606	5,621	58 711	5,840	
2,180	.....	.....	278,463	June	14, 1851	50,000	21,803	1,531	5,621	58,711	10,033	
2,580	.....	.....	289,801	July	21, 1851	50,000	21,803	4,352	3,109	57,562	8,484	
2,866	.....	.....	292,219	Aug.	18, 1851	50,000	22,303	5,212	3,109	59,211	4,227	
3,074	.....	.....	293,170	Sept.	22, 1851	50,000	22,303	6,364	3,109	59,211	6,556	
3,863	.....	.....	312,461	Oct.	20, 1851	50,000	32,303	7,984	3,109	69,210	7,836	
1,848	.....	.....	339,720	Nov.	17, 1851	50,000	35,303	670	8,347	70,998	13,772	
2,112	.....	.....	341,418	Dec.	15, 1851	50,000	35,303	1,340	2,347	72,210	6,330	
2,684	.....	.....	268,921	Jan.	28, 1852	50,000	39,803	4,168	2,347	76,710	1,690	
2,968	.....	.....	266,583	Feb.	23, 1852	50,000	39,803	4,695	2,347	76,710	7,450	
3.572	.....	.....	262,799	March	22, 1852	50,000	39,803	5,214	2,347	76,709	3,558	
3,970	.....	.....	268,767	April	19, 1852	50,000	39,803	5,620	2,347	75.549	1,400	
1,862	.....	.....	290.560	May	24, 1852	50,000	41,803	418	2,224	77,209	3,012	
2,142	.....	.....	323,114	June	14, 1852	50,000	41,803	1,793	2,224	77,209	13,083	
2,438	.....	.....	337.397	July	19, 1852	50,000	41,803	5,328	2,224	77,209	5,505	
2,862	.....	.....	363 078	Aug.	16, 1852	50,000	50,803	6,313	2,224	86 210	3,036	
3,430	.....	.....	348,799	Sept.	20, 1852	50 000	50 803	7,989	2,224	87,179	3,788	
3,710	.....	.....	339.816	Oct	18, 1852	50,000	50,803	9,138	2,224	87,179	4,398	
1,822	.....	.....	344 682	Nov.	15, 1852	50,000	50,803	527	4,130	87,179	10,627	
2,228	.....	.....	356,503	Dec.	20, 1852	50,000	50,803	1,676	4,130	86,775	3,317	
2,704	.....	.....	331,212	Jan.	17, 1853	50,000	50,803	4,792	4,130	86,775	2,735	
3,087	.....	.....	335,696	Feb.	14, 1853	50,000	50,000	6,274	4,130	86,775	4,694	
3 670	.....	.....	385,619	March	14, 1853	50,000	50,000	7,496	4,130	85,947	8,147	
4,207	.....	.....	402,487	April	18, 1853	50,000	50,000	7,924	4,130	87,277	1,637	
1 326	.....	.....	357,275	May	16, 1853	50 000	50,000	87	10,766	86,101	6,138	
1,729	.....	.....	334,865	June	20, 1853	50,000	50,000	976	4,766	84,670	4,567	
2 401	8.250	.....	370 937	July	18, 1853	50,000	50,000	4,540	4,766	84.670	13,571	
2,877	9,363	.....	392,343	Aug	22, 1853	50,000	50,000	4,914	4,766	85 970	13,673	
3,327	9,363	.....	399,428	Sept	26, 1853	50,000	50,000	6,692	4,766	85,970	28,406	
4,116	10,363	.....	398,020	Oct.	17, 1853	50,000	50,000	6,649	4,766	82,970	25,342	
1,265	3,104	.....	383,273	Nov.	14, 1853	50,000	50,000	43	6,111	86,070	16,069	
1,694	3,506	.....	340 568	Dec.	19, 1853	50,000	50,000	395	6,111	86,070	6,045	
2 576	3,789	.....	370,167	Jan.	16, 1854	50,000	50,000	3,134	111	83,070	4,445	
3,235	3,038	.....	347 428	Feb.	13, 1854	50 000	50,000	3,709	111	83,070	8,628	
4,322	4,006	.....	376,266	March	20, 1854	50,000	50,000	5,269	111	94 570	6 712	
4,936	4,008	.....	437.936	April	17, 1854	50,000	50,000	7,031	111	98,066	6,440	
1,012	4,006	.....	427,995	May	15, 1854	50 000	50,000	761	4,473	99,154	2,478	

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E. N. Sill
Dear Si
sence from. ——— ——— ———

In regard to the exchange, allow me to say, we did not expect to pay *one* per cent. It is true we usually *sell* at that, but do not usually pay over one-fourth to one-half, but I think you and I can settle that matter to our mutual satisfaction when we meet again.

Very respectfully, your o'bt. serv't,

S. H. MANN, Cashier.

CANAL BANK, CLEVELAND, Dec. 6, 1847.

E. N. Sill, Esq , Fund Com., Columbus, O:

Dear Sir: I have received a letter from our agent, H. T. Morgan, Esq., of New York, in which he says he called on Mr. Vermilye and informed him of the nature of the order and instructions from us. Mr. V. at first wished him to wait a day or two, and then next day wished him to wait nearly a week, and also informed him that *you* preferred domestics, and said he had some further instructions in relation to the matter, &c., &c. You will readily see that this is retarding the purchases, and is not carrying out the spirit of our agreement by Mr. V. I can hardly bring myself to believe that you directed domestics purchased, because *you* preferred them when the stocks are *ours* as soon as the exchange is made, and consequently *we* are the party interested in the kind and price of the stocks, *and we only.* In my instructions to Mr. Morgan, I directed him to purchase the *foreign* stocks, unless domestics could be bought at two or three per cent. less. If you had simply requested Mr. V. to appropriate $21,276 for stocks on your account, (as perhaps you did,) such direction would have been all that was necessary on your part, for if any additional sum was required to purchase the requisite amount, certainly this bank is good for any such deficiency. May I ask you to telegraph Mr. V. at once, and request him to allow Mr. Morgan to purchase as he pleases?

We have ample funds in New York to purchase the other stocks and have ordered Mr. Morgan to do it. He writes us, however, that just now they are very scarce and high, and he doubts whether he can very soon get even the first amount ordered. Are not holders waiting till after the 1st January before selling? If it should be difficult to purchase at fair rates, could you not hold the funds until after the 1st January, we

giving up the notes we now hold and regarding the bonds now in the Treasurer's hands as belonging to us, with this distinct understanding included in the arrangement, that you order Mr. Vermilye to furnish the amount whenever wanted to purchase stocks with by us, so that ultimately the stocks now pledged could be delivered up to you an equal amount being deposited by us. In this case, also, if you desire it, the $21,276 paid on the first note, could be paid back to Mr. Vermilye by us on your account.

I do not say that we desire this arrangement, but I make the suggestion to know if it would be agreeable to you if important to us. I would also add that Mr. Vermilye must in no case have any control whatever over the kind or price of stocks purchased for us.

I am, in haste, very respectfully, yours,

S. H. MANN, Cashier.

CANAL BANK, CLEVELAND, Dec. 7, 1847.

E. N. Sill, Esq., Fund Com., Columbus, O:

Dear Sir: Since writing you yesterday I have received another letter from Mr. Morgan, advising me of having purchased $10,000 of bonds as a part of the first order, and which Mr. Vermilye agreed to take, but still wished him to omit purchasing the balance for some time to come. So, instead of securing the prompt execution of the business, I fear it will be much delayed by Mr. V.

Most respectfully,

S. H. MANN, Cashier.

CANAL BANK, CLEVELAND, Dec. 25, 1847.

E. N. Sill, Esq., Fund Com., Columbus, O:

Dear Sir: Your letter of the 20th inst. is at hand. It is quite immaterial whether the stocks stand in my name as Cashier, or in that of the bank directly. Perhaps "*Canal Bank of Cleveland*," would be as well.

Since I wrote you last I have received an account current from our agent showing the purchase of the whole amount of $21,276. I presume you have the bonds at Columbus by this time. Upon the receipt of the

Treasurer's certificate that he holds those bonds for us, we will cancel the Fund Commissioner's note and forward the same to you. The difference between the money paid by Mr. Vermilye and the note, the exchange, &c., &c., we can arrange when we meet.

In regard to the other stocks, we have purchased and have on hand, a part of the amount in seven per cents., and the balance are being purchased as opportunity presents. I have not forwarded what we have on hand, because I supposed it would be of no use until we procure the whole.

Yours, very truly,

S. H. MANN, Cashier.

CANAL BANK, CLEVELAND, Jan. 24, 1848.

Dear Sir: I have inclosed four certificates of Ohio bonds, as follows:

No. 6272	6's	1850	$10,000
6273	6's	1850	100
4582	6's	1856	5,000
4523	6's	1856	6 124
			$21,224

Accompanied by a transfer to Mr. Bliss, which will so far, at least, be satisfactory.

Mr. Mann leaves New York this morning and on his reaching home will have him execute and forward a similar transfer of the $21,276 now in hands of Treasurer.

On the 18th inst. I forwarded you two notes amounting to $21,276, and very soon now, I trust, this whole matter will be brought to a close, agreeably to your wishes.

Please hand inclosed to Mr. Bliss.

Respectfully,

S. H. MANN, Cashier.
Per T. C. SEVERANCE.

E. N. SILL, Esq., Fund Com, &c.

CANAL BANK, CLEVELAND, Jan. 24, 1848.

A. A. Bliss, Esq., Treasurer of State:

I have a correct statement of the stocks in your hands on our account; but it seems we do not hold your receipts in regular form for the $42,500 recently and at this time deposited. Will thank you to furnish a complete list and description, with the dates of their respective receipts.

Mr. M. will be home in four or five days and will forward transfer of the $21,276. Please remit me above list at once, and oblige.

Very respectfully, yours,

S. H. MANN, Cashier,
Per T. C. SEVERANCE.

CANAL BANK, CLEVELAND, Feb. 2, 1848.

E. N. Sill, Esq., Fund Com., Columbus:

Dear Sir: Having just reached home, I find your letter of the 13th January. Previous to leaving New York, I purchased and forwarded Mr. Severance $21,224, which I observe he, by mistake, inclosed to you on the 24th ult., instead of Mr. Bliss. You, of course, observed the mistake, and no doubt deposited them with Mr. Bliss for us.

The account, as stated by you, is, I believe, correct, with one or two exceptions. In regard to the charge of premium on the amount first paid in New York, allow me to say that the note was paid and the money lay idle I believe over a month without our knowledge of its having been paid at all, it having been previously agreed between us that it should not be paid at that time. I respectfully suggest, whether, under the circumstances, it would not be about fair to abate that charge for premium. If this should be done, our accounts would stand thus:

From ——, to two notes Dec. 15, 1847, $10,638 each		$21,276 00
Interest to 1st January, being time of purchase		53 19
Interest on $21,276 stocks purchased, payable 1st January		638 28
		$21,967 47
Cash paid in New York for stocks	$21,145 45	
Exchange, 1 per cent	211 45	
Deposit in this bank	329 62	$21,686 52
Balance due us		$280 95

In your statement you evidently overlooked the interest collected on the stocks purchased for us. When in New York I called on Mr. Vermilye for that interest, and he informed me it had been credited to the fund commissioners, and that we must call on you for it. If you will enclose me your draft on New York for the balance on previous page, say $280.95, it will close the whole matter, so far as I know.

I will just remark here, not, however, to complain at all, that I purchased these last stocks $239.35 better than those purchased first, and even those first purchased would have been bought considerably lower if Mr. V. had furnished the funds when first called upon.

I have this day enclosed to Mr. Bliss the power of attorney requested, and he will, of course, deliver to you the stocks originally deposited.

I am, most respectfully, yours,

S. H. MANN, Cashier.

CANAL BANK, CLEVELAND, Feb. 2, 1848.

A. A. Bliss, Esq, Treasurer of State, Columbus:

Dear Sir: I herewith enclose to you my power of attorney to transfer $21,276 of Ohio stocks, which stocks Mr. Sill informs me he has deposited with you for us.

Mr. Severance enclosed to Mr. Sill, on the 24th ult., $21,224 of Ohio bonds, to be delivered to you, being all 6 per cents., recently purchased by me in New York.

The reason of my purchasing this particular amount, was that our foreign 6 per cents might now amount to precisely $50,000.

You will please deliver to Mr. Sill all the stocks originally deposited with you for this bank by the fund commissioners, viz: $21,276 and $21,276. Total, $42,552. You will oblige me by forwarding me a power of attorney for Goddard & St. John, of New York, to draw the interest for this bank on $7,500, due January 1, 1848, and on the total amount of $50,000 semi-annually thereafter, unless indeed powers of attorney are necessary for each separate parcel of stock, in which case, please send such several powers. I will draw on you through Mr. Deshler for the interest on $3,803, due last November. The total amount of

our stocks now in your hands is $53,803. We have had $51,720 of circulating notes, leaving a surplus of stock, $2,083. Can you not consistently forward me say $2,080 of notes on these stocks.

Most respectfully yours,

S. H. MANN, Cashier.

CUYAHOGA FALLS, May 22, 1846.

Dear Sir: Mr. Mann, of the Canal Bank of Cleveland, advises me, that, owing to circumstances beyond his control, it is rendered doubtful whether he can by 1st July, make us more than half of the loan contemplated from that bank—though he will still endeavor to perfect it as at first agreed.

He would desire, in any event, to take one half of the amount (say fifteen thousand dollars ($15,000), and I have agreed with him, that upon his forwarding you a certificate of deposit of the sum ($15,000), he shall have an hypothecation of half of the amount State stock specified in our agreement.

Very respectfully yours,

E. N. SILL, Fund Commr.

J. Whitehill, Esq., Treas. of State.

CUYAHOGA FALLS, July 2, 1846.

Dear Sir: Yours of 27th June is just received. You can have the stock our board has deposited with Mr. Whitehill upon your certificate of deposit for thirty thousand dollars; or a like proportion for your certificate for $20,000. We should prefer the larger sum. But we should wish the certificate cashed at as early a date as 1st of August, to assist us in the repayment of moneys obtained in New York, in anticipation of some disappointments at home.

I do not now know that it would he very important that you should furnish us New York drafts.

Please to advise me, upon your return, of your wishes, and I will see you, and have the arrangement perfected.

Very respectfully yours, &c.,

E. N. SILL, Fund Comr.

S. H. Mann, Esq., Cashier.

COLUMBUS, O., Aug. 25, 1846.

Dear Sir: If you have not purchased the State stock you desired to obtain, we will let you have ($21,276) twenty-one thousand two hundred and seventy-six dollars, as before.

I have deposited with J. Whitehill this amount, with instructions to deliver the same to your order upon the receipt of your certificate of deposit for the amount as before. We shall not have occasion to use the funds till 15th October next, and they may remain in your bank till that date, and then paid in currency, or exchange at current rates, at your option, made known to us say October 1.

I leave for home to-morrow morning, and shall be at Cleveland next week.

Please to address me at Cuyahoga Falls upon receipt of this, and say whether you will wish the stock.

I received your letter respecting the power of our board to borrow money. Will answer in detail when I see you. I will merely say that every board of fund commissioners has exercised the power, and has reported the same always to the Legislature, which has always indirectly sanctioned it. We have made loans of almost every bank in the State, and this question has been raised and examined by various attorneys, some of the best in the State, and but one opinion has existed.

I myself believe the power is explicitly given us by law.

Yours &c.,

E. N. SILL, Fund Comr.

S. H. Mann, Esq.

CUYAHOGA FALLS, Oct. 6, 1846.

Dear Sir: The papers received from you are all right (with a single exception), and I will sign the agreement, and forward directions to Mr. Whitehill to deliver you the stock, if the alteration which I must make in the notes, is acceptable.

It did not quite meet the approbation of our board that our note should be made payable in New York, as it was not so done in the several other instances of a similar transaction.

I should therefore make the notes payable at your banking house, or erase the words "or order" in the notes forwarded. A correct mode of

business requires this. Our stocks are transferable by simple endorsement, and if our notes are made payable in the same manner, both notes and stocks may be so entirely transferred to third hands that we might be compelled to pay both. It is true we should have the obligation of the bank to account for the stock. But it is equally true, that should the bank fail to meet this engagement, we should be remediless. You will not, of course, understand me as having the remotest suspicion of such a result—but this is a correct business view of the matter. I cannot say that our former note was not so made payable, but if it was, it was wrong, clearly, and not according to the original understanding. That, however, is past, and must stand. But in the present transaction I must arrange as above.

I send herewith two forms of notes, either of which I will execute as you shall direct.

Please to reply by next mail, that I may advise Mr. Whitehill in relation to the stocks.

Yours, &c.,

E. N. SILL, Fund Comr.

S. H. Mann, Esq., Cashier.

P. S.—I observe that you say in your *letter*, that if *currency* shall be paid us, it is to be paid "*during* the last fifteen days of December, but in time," &c.; although the contract says virtually *on* the 15th December. It would be absolutely necessary that the question of furnishing us *exchange*, or paying the *currency*, should be decided as soon as the 15th, and that the currency be paid then rather than during the last fifteen days.

We wish to make our remittances by the 20th.

(COPY.)

$10,638. CLEVELAND, Oct. 1846.

On the 15th of Dec., 1847, the Fund Commissioners of the State of Ohio promise to pay to the Canal Bank of Cleveland, at the office of the O. L. I. & T. Co., in the city of New York, $10,638, for value received.

(COPY.)

$10,638.

On the 15th day of Dec., 1847, the Fund Commissioners of the State of Ohio, promise to pay to S. H. Mann, Cashier of the Canal Bank of

Cleveland, or order, at their banking house in Cleveland, $10,638, for value received.

CUYAHOGA FALLS, Aug. 24, 1847.

Dear Sir: I am unable to go to Cleveland to-day on account of continued sickness in my family, and I therefore send a draft on Messrs. O. Klemm & Co., for three hundred twenty-nine and 62-100 dollars ($329 62), for a renewal of our note for three months from date of its maturity, supposing now that it is certain that we can then pay the note.

The better way of renewing will, I should suppose, be to endorse upon the note that it is renewed for three months, and also upon the memorandum of agreement a similar endorsement, which we will both sign when I come out. This will better preserve the history of the transaction than would a new note. As you shall prefer, however, it shall be done.

Very truly yours,

E. N. SILL, Fund Com.

S. H. Mann, Esq., Cashier.

FUND COMMISSIONERS' OFFICE,
COLUMBUS, Dec. 20, 1847.

Dear Sir: Your letters of the 6th and 7th inst. have been received, but in a brief absence at the north, an answer has been delayed.

Mr. Vermilye must have misconceived my wishes in relation to the purchase of stocks for your account, and I have now advised him that he will oblige us by furthering the completion of the purchase as much as is his power.

Mr. Vermilye knows that we are anxious to have our domestic stocks out of the market, and doubtless understood generally, that in purchasing for our account for sinking fund, we should, on that account, prefer domestic stocks. But I had no intention of directing what stocks you should purchase, we having no other interest in the matter than that you should be satisfied in the arrangement. How shall the stocks, already purchased, be transferred to "Canal Bank," or "S. H. Mann, Cashier?"

Advise me and I will instruct Mr. V. to transfer and forward to me here, to be placed with treasurer.

Yours truly,

E. N. SILL, Fund Comr.

S. H. Mann, Esq., Cashier, Cleveland.

DOCUMENT B.

IN RELATION TO THE OHIO LIFE INSURANCE AND TRUST COMPANY.

Correspondence from New York Office, while Geo. S. Coe was Cashier.

OFFICE OHIO L. INS AND TRUST COMPANY.

New York, October 17, 1848.

C. STETSON, ESQ., *President:*

Dear Sir: Handing you herewith the semi-monthly statement of this office, I now beg leave to call your special attention to the leading facts it presents.

The liabilities of the office are here shown to be about $1,500.000, all drawing interest at greater or less rates; while on the other hand, the amount earning any revenue whatever, is only about *half* as great The difference, after deducting cash in hand, necessarily unproductive, is made up of total losses and suspended debts to the extent of which the means of the office are at present impaired. The balance of interest now so rapidly accumulating against it, would ere long totally consume all its remaining vitality, if allowed to continue.

To enter upon a responsible trust like this, with a full knowledge that no degree of skill and attention can prevent a rapid decline, is anything but encouraging; and I therefore beg leave to submit to your consideration, the propriety of restoring this deficiency in my account, by directing these items of dead weight to be placed to the debit of your office account at once, so that the statement of this department may present an equal amount of active and working means in its debit, as in its credit columns.

Of the items which it seems proper so to request the transfer, I inclose herewith separate statements, viz:

No. 1. Loss by Nashville Insurance and Trust Company, and its consequences	$470,115 20
No. 2. Sundry accounts—Dwight Johnson and P. Dow (not including $20,000, N. Worthington—special account)	152,739 90
No. 3. Sundry debts considered hopelessly bad	6 555 47
	$629,410 57

The transfer of this amount to your department, will place this office on a fair and proper footing, leaving but few doubtful claims; and even

them I shall labor hard speedily to remove. With a clean balance sheet there will be some satisfaction in working; and, most urgently presenting these suggestions to your attention, I am, dear sir,

Very respectfully, yours,

GEO. S. COE, Cashier.

No. 1. Loss by Nashville Insurance and Trust Company, embracing the following accounts:

Foreign Exchange account, being chiefly by loss in purchase of bills for remittance on account protested bills, Gowen, Nephews & Co.	$19,287 85
Gower, Nephews & Co., special account	335,978 19
" our "	4,197 86
W. T. Stewart & Co., (repayment of bill of exchange on Gower & Co.—sold them and protested)	38,678 43
Reid, Taylor & Co., do do	838 68
F. H Duffie—expenses to Europe to look after Gower & Co.'s affairs	1,940 32
Merchants' Insurance and Trust Co	7,442 85
C. C. Norvell, agent	28,751 02
	$437,115 20
Difference between par value and market value of $113,000 stock received from Norvell, as estimated in your report to Commissioner June 1st, 1848	33,000 00
Total loss	$470,115 20

No. 2. Sundry accounts embraced in liabilities of Dwight Johnson, (not including $20,000 N. Worthington, special account).

Dwight Johnson, old account	$43,674 77
Special loans, D. Johnson and P. Dow	53,561 25
Interest on loans " "	2,796 04
Suspended bills	52,707 84
	$152,739 90

Mortgages—$25,000 property P. Dow in Cleveland.
40,000 " Beaumont & Hollingsworth, Zanesville.

No. 3. Sundry debts—considered worthless.

Bank River Raisin	$592 05
P. Dow & Co	3,021 12
J. G. Fendi	300 75
same	197 74
K. Taylor, President	51 81
Merchants' Bank, Macon	292 76

J. B. Macy	$1,748 76
Gibson, Easton & F	150 48
O. J. F. Pfierman	100 00
	$6,555 47

OFFICE OHIO LIFE INS. AND T. CO.,
New York, November 4, 1848.

C. STETSON, ESQ., *President*:

Dear Sir: I beg leave to advise having transferred to debit of your office, in conformity with the seventh resolution of your special committee, as inclosed in your favor, 28th ult., sundry items hitherto standing on the books of this office, as per inclosed statement, and under date 3d inst., $594,008.34. Of each of these items I am now having full details prepared, which will be transmitted without delay, together with all papers and documents applicable to each account.

I also inclose herewith Henry Buchanan's account current, presenting balance due this day, $1,307.39.

I beg leave to call your attention to the committee's fourth resolution, wherein they say: "and no new loan shall be made," &c., &c., which I do not, of course, understand to mean that any excess of cash on hand on a given day, cannot be placed on Treasury notes, or equally good security until the next, or subject to a moment's call. The trustees here, with whom I have conferred on this subject, do not so understand it; and as you perceive, the interests of the company are so manifestly at variance with such a construction, that I shall continue as exhibited in my last report. By this means we are always ready to meet your demands without the apprehension of "a corner;" and already our position is decidedly changed in Wall street. Owing nothing, with a small line of discounts now in bank, and daily improving, we shall soon be able to take a more indendent position. On the subject of securities proper to be taken for loans as above, I shall, under counsel of our trustees here, soon address you.

Very respectfully, and truly, yours,

GEO. S. COE, Cashier.

OFFICE OHIO LIFE INS. & T. CO.,
NEW YORK, Nov. 13, 1848.

C. STETSON, ESQ., President.

Dear Sir:—I addressed you on the 11th inst., and have, on further reflection and conversation with our Trustees, taken Mr. Daniel Lord's opinion on the subject referred to. Enclosed please find copy of my note to him, and of his reply, in which you will perceive he sustains the position I at first assumed. That the question may be certainly put to rest, Mr. Lord has drawn up a power for signature of Mr. Vermyle, which he will at once execute. I shall send you a copy of it also. The point has been one of considerable discussion here, and in Albany. One of the questions to-day proposed, involves the rights of the Agency. While the matter is now agitated, I may take occasion to obtain Mr. Lord's opinion on the whole subject. It is quite clear, from a moment's conversation with him, that the rights of the Agency have been transcended in some of its transactions, especially in the discounting of notes for personal accommodation, and in all such it would appear by his opinion, that we have no legal remedy in this State. The point in question seems to be this: What constitutes the business of discount and deposit? As explained to Mr. Lord, he thinks that our business here, as now conducted is *not* one of deposit, but merely of collection, and therefore, in this particular, does *not* conflict with the statutes. The other point involved: Whether loaning on collaterals is "discounting," in the sense of the statutes, he thinks not *quite* so clear, although it has been decided that *it is not*. I may recur to the subject hereafter, and shall, at all events, carefully govern my conduct with a view to these questions. In the mean time, you will perceive, by examintaion of the detailed statement of our condition on the 1st Oct., whether any steps should be taken to change the form, or secure payment of some of the assets now in form of notes discounted.

I would also suggest to you, whether as my official powers are only at present *implied*, and the by-laws do not express them in detail, whether a written document of proper authorization would not be proper to have on hand, in case my powers are called in question.

Yours, very respectfully,
GEO. S. COE, Cashier.

OFFICE OF THE OHIO LIFE INS. & TRUST CO.,
NEW YORK, November 13, 1848.

:—I beg leave to request your opinion on the subject em-
he enclosed statement, and will thank you to give it immedi-
on.

Very respectfully yours,
GEO. S. COE, Cashier.

reply is *very* important.
RD, ESQ.,
Counsellor at Law, N. York.

OFFICE OF THE OHIO LIFE INS. & TRUST CO.,
NEW YORK, Novem. 13, 1848.

ce is an Agency of the Company above named, at Cincinnati,
ose officers consist of a President, Secretary, Cashier, and
Cashier. Of these, the Cashier is resident in this city, and
of this Agency, whose business consists chiefly in receiving
rom banks and bankers in other States, which are loaned to
nati office, and to persons in this city on stocks as collateral

itate the business of this Agency, and because of its distance
ome office, it has been found convenient that *the Cashier alone*
ssess the power of giving and receiving notes and obligations
of the Company, and also of holding and transferring State
stocks owned or held by the Institution. In pursuance of this
ent, and with the intention only of fulfilling it, many of the
for loans in New York and elsewhere, as above named, and
e certificates of stock, are written *simply* "to the order of," or
ame of and transferable by"

"*W. M. Vermilye, Cashier*,"

esignating or naming this institution in any manner what-
notes negotiated by the Company, are also transferred by
ent "pay to the order of W. M. Vermilye, Cashier." The

same practice almost universally prevails among the banking institutions of this city.

On the 30th September last, Mr. Vermilye retired from office, and his connection with the Company altogether ceased.

The points now presented are substantially the following:

1. Whether the name of W. M. V., Cashier, as stated, is sufficient designation of his official character, to place the property and notes so held beyond all possible contingency under exclusive control of the Company?

2. Whether the successor of the officer named becomes of right vested with full powers to transfer and control all such stocks, notes, and obligations? and if not,

3. Whether it would be proper for Mr. V., after the date when his functions of office have ceased, to use his former official designation, to re-transfer such property?

4. Whether the powers of this Company to sue and recover, by law, notes and debts so expressed, would be at all impaired, by want of Mr. V.'s indorsement?

5. Whether the addition of the name of the Company, as for instance, "*G. S. C., Cashier of the Ohio Life Insurance & Trust Company,*" would, in future, fully secure the object intended, as herein above named?

6. Whether the fact that this office is an Agency of a foreign corporation, would deprive it of any legal power in the collection of its debts, which are possessed by city institutions?

GEO. S. COE, Cashier.

Reply of D. Lord, Counsellor at Law.

1. The name "W. M. Vermilye, Cashier," is a sufficient designation of his official character to place the property and notes so held by him under the exclusive control of the Company, beyond any contingency which I can conceive.

2. I think the successor in office, being fully authorized by the Company, does become of right, vested with full powers to transfer and control all stocks, notes and obligations, made to or held by Mr. Vermilye, as Cashier in the supposed firm.

3. It is expedient for Mr. Vermilye, by a power of attorney, to authorize his successor, from time to time, in the office of Cashier, or any other person whom the Company should designate, to sign his name as Cashier, by way of transfer or indorsement. This is for mere conformity of name in the transfers, which transfer officers (who generally are not intelligent beyond the *letter*) may deem indispensable, although it is not, and therefore may create delays.

4. The power of the Company to sue and recover by law, notes and debts so expressed, would not be at all impaired by want of Mr. Vermilye's indorsement. They could aver truly, that the paper was made to them by the name of W. M. Vermilye, Cashier, and so of any property.

5. I do not, as will appear from the above, deem the addition of the name of the Company to that of the Cashier, essential or necessary to fully secure their interest in the property taken by him in such manner. Still, as a more complete identification of the interest, and declaration of the trust, it might be worth while to add the initials of the Company, thus: Geo. S. Coe, Cashier, O. L. & T. Co.

6. The office in New York, being an agency of a foreign corporation, would not deprive it of any legal powers in the collection of its debts, so that the same be legal or contracted in a legal business. But I suppose that your corporation cannot keep an office of discount or deposit in the way of banking in this State. Whether this applies to the business conduct here of your Agency, of course, I am uninformed.

(Signed) DANIEL LORD.

Nov. 13, 1848.

N. York, Nov. 28, '48.

C. Stetson, Esq., *President:*

Dear Sir: Do you know anything of the Toledo Branch Bank, Miller, president? They have kept a very poor account here since my administration, and from their having a sort of kiting agent established here in connection with Summit County Bank, and seeing their *time* drafts about in great abundance, I am very suspicious of a *great inflation.* Have accordingly refused them accommodations, and given orders not to overpay their account.

Yours, truly,

GEO. S. COE, Cashier.

250 66	April	1	808,032 56	.....	101,571 09	123,725 10	1,443 781 96	.....			
854 55	"	16	1,299,781 99	.....	25,066 34	78,505 06	1,190 501 46	.....			
816 99	May	16	1,180,085 72	.....	.....	99,463 59	1,245,267 77	.....	This month, American Exhange Bank loans the Agency $100,000, also Manhattan Bank loans		
931 55	June	1	1,116,751 47	.....	.....	117,613 18	1,008,566 90	.....	This month, $175,000 is borrowed of several banks,		[$100,000
672 74	"	16	1,088,662 71	.....	13,874 60	109,914 45	991 220 98	.....	Borrowed of Manhattan Bank $70 000.		
911 18	July	1	808,845 93	.....	13,874 60	135,837 40	1,122,353 35	$5,048 56	do do do		
603 34	"	16	631,753 35	.....	13,874 60	93,932 94	1,429,906 22	20,136 23	Borrowed of Ocean Bank $200,000.		
515 61	August	1	444,566 59	.....	13,874 60	52,102 21	1,657,835 88	5,276 37	Borrowed of sundry Banks, $415,000.		
118 53	"	16	411,748 54	.....	.....	118,031 73	1,613,350 27	51,987 79	Borrowed of sundry Banks over $400,000.		
826 34	September	1	461,553 15	.....	.....	100,928 26	1,582,207 51	9,137 42	do do do		
498 65	"	16	696,039 00	.....	.....	141,265 39	1 550,072 43	4,121 83	Borrowed of sundry Banks about $430,000..		
287 88	October	1	386,758 21	.....	.....	91,161 51	1,619,444 33	5,923 81	Borrowed about same amount, part by drawing on Bell, Grant & Co., London.		
098 40	November	1	560,140 55	.....	.....	93,206 76	1,541,150 15	5,600 94	Borrowed about $300,000.		
468 41	"	17	464,500 21	.....	.....	98,179 19	1,554,556 85	7,220 96	Borrowed of Banks about $270,000.		
545 77	December	1	475,019 62	.....	.....	97,763 77	1,517,227 68	7,535 30	do do $275,000.		
659 54	"	16	533,927 33	.....	.....	106,682 77	1,632,128 23	2,920 91	Cash account overdrawn, $75,000. Ohio Sinking Fund Commissioners have $243,000 there.		
	1857.										
248 77	January	1	481,237 05	.....	.....	100,946 41	1,070,018 23	9,654 87	Borrow still some $130,000 of Banks. There is a special deposit at American Exchange Bank,		
474 27	February	16	787,422 74	.....	.....	79,708 78	1,411,342 74	.....	Borrow about $300,000.		[of $750,000
100 98	March	16	837,427 57	.....	.....	79,435 11	1,471,169 38	15,068 92	Borrow about $150,000 of Banks.		
537 29	April	16	1,213,817 19	.....	.....	139,307 81	1,272,412 23	.....	Borrow about $170,000 of Banks.		
647 64	May	1	755,669 63	.....	56,349 91	100,331 86	1,329,644 85	.....	Borrow a little over $200,000 of Banks,		
183 78	"	16	742,965 10	.....	.....	101,870 85	1,236 347 83	.....	do do do do do		
519 96	June	1	656,891 25	.....	.....	136,083 36	1,352,585 35	.....	Borrow $355,000, and Ohio Fund Commissioners have $225,000 there.		
673 11	July	1	910,197 98	.....	.....	221,766 73	1,790,708 80	.....	Borrow about $285,000.		
396 84	August	1	1,032,532 23	.....	.....	90,783 96	1,537,080 68	.....	do do $300,000.		
727 60	"	24	1,039,054 59	.....	.....	63,870 80	1,639,793 21	.....	This is a statement made up from the books after the Agency suspended.		

ealed Loans made by Ludlow, were in the "Deposits by Individuals." The statements for December 16, 1855, January 1, 1856, March 16, 1856, and March 1, 1857, are missing. The state-

king Department from and after failure (including three days previous), to the 31st day of July, 1858.

Cash on hand.	Due to New York Agency.	Date.	Circulation outstanding.	Profit and Interest accrued.	Assignees' Certificates	Check on New York outstanding	Deposits not yet paid.	Due to Trust Department.	Due to Ohio Banks.	Miscellaneous.
		1857.								
$192,481 13	$647,283 31	August 21	$3,320 00	$17,269 03	.....	.....	$1,157,569 85	$198, 409 22	$216,677 14	$18,888 63
185,191 29	511.764 03	" 25	3,320 00	17 357 07	.....	.....	1,122,938 92	208,234 01	215,580 30	12 271 41
195,115 51	516,276 50	" 23	3,320 00	17,772 12	.....	.....	733,426 05	396,837 13	163,084 29	10,418 56
2 2,851 84	340,115 83	September 1	3,320 00	18,368 82	.....	.....	490,389 92	650,179 43	150,361 00	4,374 41
208,223 91	.....	" 4	3,320 00	18,056 00	.....	.....	464,773 76	1,254,258 75	123,460 99	720 00
173,844 33	.....	" 8	3,320 00	17,970 57	.....	.....	407,996 18	1,650,186 09	120,576 42	720 00
127,717 20	.....	" 11	3,320 00	24,662 94	.....	.....	450,960 61	1,820,584 44	85,337 25	720 00
125,383 28	.....	" 15	3,280 00	25,939 14	.....	.....	446,551 58	1,778 840 55	81,059 75	720 00
87,609 99	.....	" 18	3,280 00	24,935 71	.....	.....	437,194 78	1,796,755 24	81,436 45	720 00
83,209 02	.....	" 22	3,280 00	25,081 97	.....	.....	456,297 00	1,986,968 95	76,405 96	720 00

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OFFICE OHIO LIFE INS. & T. Co.,
NEW YORK, Decem. 1, 1848.

C. STETSON, Esq., *President:*

Dear Sir: Your favors of 21st inst. came duly to hand, and contents are carefully noted. Your instructions respecting the manner of drawing notes and obligations to the Company will be carefully observed; but I beg leave to suggest, that in using the corporate name of the institution, a greater necessity arises for having my official powers to sign and act on its behalf, full and explicit. Please, therefore, keep it in view. I inclose herein copy of Mr. Vermilye's power of attorney, drawn up by Mr. Lord, and have taken it in duplicate.

I have much pleasure in informing you that, careful search having been made, a copy of Chancellor Kent's opinion has been discovered, and I now inclose another copy herewith. The only point of difficulty now existing to my keeping within the rule, arises from having occasionally to discount a collection bill or note for account of a correspondent, a favor which now and then cannot be refused without losing a good account. This I have avoided with but one or two exceptions, when we had ten times the amount in collections. Perhaps, I may overcome the difficuly, by always having such done by our banks here. In other respects I perceive no difficuly in conducting the affairs of the office conformably with the opinion of Chancellor Kent.

Yours, very respectfully, and truly,

GEO. S. COE, Cashier.

[COPY.]

I have read and considered the several questions submitted for my opinion, on behalf of the Trustees of the Ohio Life Insurance and Trust Company, who are about to establish an agency in the city of New York.

The Company intend, if it be deemed advisable, to transact the following business, through their office in New York, viz:

1. To keep its own transfer office.
2. To pay its dividends.
3. To receive from the office of the Company at Cincinnati such funds as they may remit, and pay out the same as drawn for.

4. To collect discounted bills maturing in eastern cities.

5. To loan its funds in New York to such extent as they may not otherwise have employed on the hypothecation of stocks or other securities.

6. To collect for other banks and individuals, either in this State or elsewhere, placing the amount of such collections to the credit of such bank and individuals, and paying their checks for the same.

I am of opinion that there is no statute prohibition in this State, which would apply, and render unlawful the transactions of any part of the above business by the Ohio Life Insurance and Trust Company; and that, all and singular, the same is lawful to the Company by the law of the land, assuming that loans made under the fifth head, are a totally distinct business from that of discounting bills and notes by banks.

The Company have further submitted to me the consideration of their right to transact other business in New York lawful in Ohio by their charter, viz:

1. The insurance of lives.

2. The grant of annuities.

3. The receiving of deposits in trust on interest certificates, being issued as evidence of the same.

4. The buying and selling domestic and foreign bills of exchange and promissory notes.

In answer to these propositions, I am of opinion that the Company may lawfully

1. Insure lives.

2. Grant annuities.

3. But the third point as to *receiving deposits*, requires more consideration.

By the New York Revised Statutes (vol. 1, 707) it is declared, "that no incorporated company, *without being authorized by law*, shall employ any part of its effects, or be in any way interested, in any fund that shall be employed, for the purpose of receiving deposits, making discounts, or issuing notes or other evidences of debt, to be loaned or put into circulation as money."

The Ohio Company, if they undertook to receive deposits in trust on interest, would fall within the letter of the prohibition. They are not an incorporated company authorized by law, that is, as it means, by some

express or clear statute authority of this State, to secure deposits. The prohibition is not against securing deposits, in connection with making discounts and issuing notes for circulation as money, but each branch of the prohibition is in the disjunctive. They are not to receive deposits, *or* make discounts, *or* issue notes. Either branch of the business is unlawful. The only inquiry would be, what is the meaning of the prohibition against employing any part of its effects, or being interested in any fund employed for the purpose of receiving deposits. I should be very apprehensive, that the business of receiving deposits in trust and on interest, is the very business under prohibition, and dare not advise the Company to do it or engage in it.

The prohibition is reversed or left in full force by the subsequent statute of 1837 (Feb. 4, 1837), which declares, that the act was "not to authorize or permit any corporation 'created by the laws of *any other State*' to keep an office 'for the *purposes of receiving deposits*,' or discounting notes or bills, or issuing any evidence of debt to be loaned, or put in circulation as money."

To receive *money in deposit in trust* or interest, with certificates to be issued for the same in an office kept in this city for that and other purposes, would, I apprehend, expose the Company to the operation of the statute, and therefore, I do not advise it.

4. The fourth question is: Can the Company engage in this city, in buying and selling domestic and foreign bills of exchange, and promissory notes?

This business is not within any of the statute prohibitions, unless it be considered as part of the business of *discounting notes and bills*. Buying and selling bills or notes, is not, in the mercantile or popular sense, *discounting them*. That is understood to be a loan made on the deposit, and indorsement and credit of the bill or note. It is not buying the paper *out and out*, but advancing money on the loan of it, and deducting the interest on the loan at the time it is made. The prohibitory statutes are construed by our courts *strictly*, as penal statutes (1 Cowan, 290; 4 Hindas, 500); and I think the better opinion to be, that the Ohio Company might lawfully buy and sell bills and notes, but they must be careful to confine themselves to real and *bona fide* sales and purchases, without the least mixture or design of a loan. They must *buy and sell*, and *not discount* the same.

It is further submitted to my consideration, how far the difficulties under the restraining statutes above referred to, can be obviated by an organization under the general banking statute of 1838 (No. 260), and how far a corporation may own the stock of associations formed under that statute.

1. Upon this subject, I am not satisfied that a corporate body, and especially a corporation of another State, can resolve itself into an association formed under the general banking act. A corporation is, in many respects, regarded in law as a *person*, or competent moral agent; but I doubt very much whether corporations are the *persons* intended by the banking act, who are allowed to associate and establish themselves as an organized joint stock company for the purpose of banking. The act, in every part of it, evidently alludes to the associates in their *individual* capacity,—they are individually to certify, under *their hands and seals*, their names and places of residence, and the number of shares held by *each of them respectively*, the *names of all the persons* who may be parties to the articles of association, are to be reported semi-annually to the Comptroller of the State. All the details of the act seems to me to look to private individual associates; and I rather conclude that the Ohio Life Insurance and Trust Company would not, in any sense, as a corporation, organize itself under the statute, without absolutely dissolving and dismissing from its operations its corporate character. In my opinion, therefore, the attempt is not advisable.

2. But the next question is, whether they may lawfully own stock in these joint stock associations.

The shares of these associations are declared to be personal property, and transferable on the books of the association; and every person becoming a shareholder by such transfers, to succeed to the *rights* and liabilities of the prior shareholders from whom he derived his share.

I should think the alliance between the corporation and the individual associates, would be an incongruous and unnatural one; and that it would not be advisable to attempt it. It would be making the Ohio Trust Company a banking institution to the extent of its shares, and that would be an evasion of the restraining acts which have been referred to. The company might, in a supposable case, take a transfer of a majority of the stock, and under the cloak of the articles of the asso-

ciation, a foreign corporation, not authorized by law, would become a banking institution contrary to the statute of prohibition.

My opinion accordingly is, that it would be at least hazardous, and therefore not advisable for the Ohio Life Insurance and Trust Company to have anything to do with the shares of the private banking companies, *for the purpose of being concerned in the business.* They might probably and safely take the transfer of shares as security for a debt, or in payment of a debt, and then they ought to dispose of the shares with all convenient speed, without assuming to engage as a shareholder in the business of the association.

I have thus given my opinion fully and frankly on all the points submitted; and with my best wishes for the safety and prosperity of the company.

(Signed) JAMES KENT.

New York, December 29, 1838.

OFFICE LIFE INS. & T. Co.,
NEW YORK, Dec. 7, 1848.

C. STETSON, ESQ., *President:*

Dear Sir: In conversation with Jas. G. King & Sons, who will have to receive from this office, on the 1st of January, about $150,000 Ohio interest for 7 per cent., European owners, they suggested whether we might not be mutually accommodated by some arrangement towards the middle or end of the month, when our funds for the interest had accumulated largely, by letting them have a portion of it on *interest* a few days in advance, when they were providing their foreign exchange for heavy remittances, and *on* and after the 1st, they would be overrun with money, and could reciprocate, if needed.

As in this way my interest account may receive a small benefit, and we repay ourselves out of their funds on the 1st. I shall, with concurrence of the trustees here, feel authorized to do whatever may in this way be clearly the convenience and interest of the company, unless you shall dissent by due course of mail.

Yours very truly,

GEO. S. COE, Cashier

[TELEGRAPH.]

C. STETSON, *President Ohio Trust Stock Co., Cincinnati:*

Trust stock sold at seventy. Efforts apparently making to excite suspicion. Strengthen me.

GEO. S. COE, Cashier.

New York, Dec. 8, '48—1 P. M.

OHIO LIFE INS. AND T. CO.,
NEW YORK, Dec. 8, 1848.

C. STETSON, ESQ., *President:*

Dear Sir: I telegraphed you to-day that our stock was selling at 70, and now beg to inform you that it is offered by some five or six different brokers at the board. The sales are on time, evidently with a view to depress it to the lowest possible point.

All this is of course quite indifferent to us, had it not the effect at this important juncture, of exciting groundless suspicion respecting our condition. Already the stockholders are applying constantly for reasons and explanations, and it would injure us greatly, and place me also in delicate condition, should our correspondents take needless alarm, and reduce their balances at a period whon we most need them. In view of this fact, I suggest the propriety of allowing your account to run in my favor as much as possible, and render me all convenient aid before the middle of the month, or as soon as may be. All this movement may be merely the ordinary broker's tactic to "bear" down the stock with a view to speculation, or it may originate in a little feeling for the moment against us. But as it may have important effects, I deem it proper to inform you.

Yours truly,

GEO. S. COE, Cashier.

OFFICE OHIO LIFE INS. AND T. CO.,
NEW YORK, Dec. 15, 1848.

C. STETSON, ESQ., *President:*

Dear Sir; I am now entirely secure with the State interest (unless the institution should effect a repudiation). Neither orders nor funds have yet come to hand. My present resources are:

Loans on Treasury notes *at call*		$52,000
Checks on M. Morgan, *due* 21 *Dec*		46,000
Boston (discount 40 M)		35,000
Cash		40,000
Loan—Comml. Bank, Albany, payment 10 days notice after 15th Jan.—6 per cent		50,000
Ready means		$223,000
The Bank Commerce will discount	$100,000	
The Merchants' Bank same	50,000	
		$150,000
		$373,000
Leaving me short only		$87,000

Which can be procured at a pinch. Of the above means, $50,000 were offered me, *unasked*, by State Bank, Albany, and $50,000 were offered me, unasked, by Commercial Bank, Albany, both payable in 10 to 15 days' notice, at 6 per cent. *All this without any funds from the fund commissioner*, other than the $89,000 and $17,000 at Cr. of the treasurer and commissioner respectively, for some time past. This cleans out our bills receivable packet of everything negotiable. The banks will not take a large portion of your remittance—say:

1. All those drawn on Cincinnati parties, and only *payable* here.
2. All those drawn "acceptance waived."

As these constitute a considerable amount, please keep in view that they are "dead weight" for all purposes of immediate availability. I shall telegraph you, when you can resume heavy operation, and will thank you to keep me advised when you draw heavily. By such an undertaking, my interest account would be greatly benefited.

Yours very respectfully,

GEO. S. COE, Cashier.

Great fears are entertained respecting the Ohio Legislature troubles, that they will prevent the payment of January interest. I have telegraphed the commissioner, but get no answer.

OFFICE OHIO LIFE INS. AND T. Co.,
New York, January 11, 1849.

C. STETSON, Esq., *President:*

Dear Sir: The inclosed slip from to-day's Tribune will show you what some of our good friends are doing for us in their patriotic feelings. I have a hint that some effort may be made in Albany during the present legislature, to define our position. If it were rightly done, I am satisfied a clear expression of the rights of agencies would assist us. I am shaping things here so as to meet anything. No *discounts*, excepting those which are loans to trustee in Philadelphia, and this I shall try to change.

On the same slip, please observe the report of the Reading Railroad Company.

Truly yours,

GEO. S. COE, Cashier.

P. S. If *all* the loans could be removed from this office, excepting those which are payable in New York *at call*, we might, at a moment's notice, be converted into a simple collecting agency, a position which the true interest, no less than good policy of the company demand.

OFFICE OHIO L. INS. AND T. Co,
New York, January 24, 1849.

C. STETSON, Esq., *President:*

Dear Sir: Money is suddenly tightening, and we must hold up. We are now run up to the full extent of our line in the banks, and our loans are all called in. Please therefore strengthen me without delay.

You now stand at debit over $700,000, nearly $200,000 more than has ever been before.

Please consider this notice imperative. Will write more to-morrow.

Yours, truly,

GEO. S. COE, Cashier.

OFFICE OHIO L INS. AND T. CO.,
New York, January 25, 1849.

C. STETSON, ESQ., *President:*

Dear Sir: I addressed you a hurried line yesterday, requesting you to curtail heavy opertions, as we had for the present run to the full length of our line with the banks, and used up all our other resources. We have now under discount,

$204,000 at Bank Commerce.
104,000 at Merchants' Bank.
22,000 at New England Bank, Boston.

Besides which, we owe:

Commercial Bank, Albany, on Ohio and Treasury notes as collaterals	$50,000
New York State Bank, Albany—collaterals—bills receivable	50,000
Robert Bayard lent us	33,000
	$133,000

Which you will agree with me is extensive enough, and I cannot now ask more.

Please also take special note of the fact, that your paper is not of that *available* and No. 1 character that the banks here most seek, and very much of it they will not take at all, especially that which is only made *payable* here, and not on eastern houses, and against actual transactions. Of the latter kind, we are more than amply supplied. I mention this to show you, that unless our bills receivable are of the best kind (in its class) we cannot take that independent stand with our banks which it is so desirable we should. I have ceased going into the streets for accommodations—in fact never commenced, and hope I never may. The office has already lost by such transactions more cast than we can recover by long and careful operations.

Please consider these thoughts, though hastily given, the result of much deliberation, as well by the trustees here, as by

Yours, very sespectfully and truly,

GEO. S. COE, Cashier.

We greatly desire your views respecting settlement with Mr. Johnson.

OFFICE OHIO L. INS. AND T. CO.,
New York, March 18, 1849.

C. STETSON, ESQ., *President*:

Dear Sir: Inlosed please find the semi-monthly statement of this office. You will observe that we have been reduced in our deposits $120,000 since last settlement. Our correspondents all complain of extreme poverty, and draw heavily. Money is very tight to-day. Our banks all drawn upon freely. In Boston it is even worse. It cannot long continue. Foreign exchange is actually working in our favor. Were it not for the sub-treasurer, the tendency would be to abundance, rather than scarcity of money. Please work by my dispatch as near as convenient. It is impossible to have definite views of things further than from day to day.

Very truly, yours,

GEO. S. COE, Cashier.

OFFICE OHIO L. INS. AND T. CO.,
New York, March 21, 1849.

C. STETSON, ESQ., *President*:

* * * * * * * * * * * *

The question of selling our Treasury notes, Ohio 6's, Pennsylvania 5's, and Tennessee bonds, has been constantly kept in view. Our trustees here are of opinion that the time has not *quite* arrived. These securities seem gaining favor in Europe, and are likely to advance after subsequent news from there, and after the present tightness of our money market is relieved, which causes now at work ought ere long to effect.

* * * * * * * *

Very truly and respectfully yours,

GEO. S. COE, Cashier.

Postcript of a letter to Charles Stetson, Esq., President, dated New York, March 29, 1849, and signed by George S. Coe, Cashier:

"Our money market is excrutiating. One-eighth per cent. per diem on good names, with stock collaterals. Please strengthen me. I can get no aid elsewhere for some time."

New York, April 4, 1849.

Money continues extremely tight, and our correspondents are drawing down their accounts at a fearful rate. Our aggregate balances diminish at the rate of $50,000 per week, and it is impossible to obtain discounts at all adequate to our pressing necessities. I have exhausted all my resources, and to-day pledged our treasury notes for loans. It is therefore a serious question how we shall provide for to-morrow's payments. The banks *cannot* aid us. You must therefore remit sufficient to place us beyond danger, if not already done in reply to my telegraphic dispatch. Specie must soon come out at the present rate of exchange on Ludlow, but until it does, our market will continue extremely tight, and with the high rates of exchange on New York in all Ohio, we have to stand between two fires, heavy both "front and rear."

Office Ohio Life Ins. & T. Co.,
New York, May 22, 1849.

C. Stetson, Esq., *President:*

Dear Sir: Mr. Sill, fund commissioner of Ohio, is now here, and desires to do something under an act passed at last session of your Legislature, authorizing an exchange, at not less than par, of Ohio 6's of 1850 for a new stock of 1870. At the present difference in favor of the latter, he would now commence the exchange (say at 5 or 6 per cent. premium for a *new* stock, taking the old in payment at par). I have already commenced a quiet negotiation with one of our savings banks, for some $400,000, and shall pursue the subject under Mr. Sill's authority.

The question has arisen between us whether the redemption and reissue of *four millions* of stock, should entitle us to extra compensation, or whether it properly belongs to our regular business, paid by $2,500 per annum. I contend that this is a new and distinct transaction, and will be attended with great labor and responsibility, and entitled, by all rules of business, to a regular commission, which should not be less, under any circumstances, than ¼ per cent. Mr. Palmer, with whom I have consulted, and who has great experience in such matters, thinks that this is the least that should be asked.

Mr. Sill will be here for a week longer, and I should be glad of your opinion by telegraph, and more at length by letter.

The present compensation is certainly too small ($2,500 per annum) for the ordinary business, especially as there are no incidental benefits for which we do not pay. The account is allowed *four per cent interest* on amount in hand, however small or large.

The amount of commission on the whole loan, say $4,000,000, would be nearly $10,000, a sum which may at first appear large, but by no means so, when you consider that the labor will run through two years of time, and the amount is only that of any ordinary brokerage.

Please give me your views, leaving as much discretion to the office here, as you feel authorized to do.

Very truly, yours,

GEO. S. COE, Cashier.

OHIO LIFE INS. & T. CO.,
NEW YORK, June 3, 1849.

C. STETSON, ESQ., *President:*

Dear Sir: Your favor of 29th ult. is received, and I note your views, respecting the commission proper to be charged for exchanging or negotiating the Ohio State loans.

The subject has never been presented in form of discussion between us and Mr. Sill, but simply one of very dispassionate and agreeable conversation, in which I frankly expressed to him that we were entitled to *some* extra compensation for performing a heavy and responsible task, by which the State was to be the gainer, and I requested him to converse with Mr. Palmer, or some other gentleman familiar with such business, and obtain from them an opinion which should combine with his own in deciding the question; adding, that we were desirous to do the business at as low terms as any others to whom he would feel authorized to intrust so large a matter. He did so, and subsequently requested me to name the terms, leaving it open for future settlement. I named ¼ per cent. on the new loan, redeeming the old *without charge*, to which he expressed no dissent, and I am confident, considered it a proper rate, simply remarking that the commission need not appear directly as a round

charge in account current, but be deducted in each negotiation. I have since learned that he conversed with Jos. S. Lake, a former commissioner, who informs me that the above is the same rate he expressed to Mr. Sill as proper, and to which the latter seemed to agree.

I am satisfied that there is no disposition to change the business. On the contrary, Mr. Sill justly feels that we are entitled to preference from former services.

Please, therefore, allow this matter to remain as it does, unless you perceive strong reasons for reducing the terms proposed.

I inclose semi-monthly statement, and remain,

Dear sir, yours, truly,

GEO. S. COE, Cashier.

OFFICE OHIO LIFE INS. & T. CO.,
NEW YORK, July 6, 1849.

C. STETSON, ESQ., *President:*

Dear Sir: Inclosed please find my semi monthly statement, together with details of loans and responsibilities of the office. You will observe that the account "*bills receivable*," we merely opened for such bills as we have hitherto had to re-discount for our correspondents, is now closed, and will never again appear. When needful to be done, they are entered as loans upon the bills held as collateral security, and so advised to the parties concerned. This is among our clear rights. While the former method of entry was contrary to Chancellor Kent's opinion, and on our books might have been evidence against us.

Money pours in upon us faster than can be placed even at *four per cent.* I still find great difficulty in obtaining the collateral securities named in your list. Government and State stocks are becoming rapidly absorbed in Europe, and therefore diminish among borrowers. Your limit of 90 per cent. on such stocks as the extent on which they may be taken, is of course entirely impracticable. I consider that as given under a different state of facts from those now existing, and act accordingly. For instance: It would be absurd in me to refuse a loan on Treasury notes at *par*, or on N. Y. State and Ohio 6's at the same rates, when these stocks will

command 110 to 117 per cent., and the note is payable *on demand*, with power to sell "without notice."

There are many good stocks, and railroad bonds, which stand equally high with Government 6's, which our banks all receive from borrowers, but which I daily decline,—while at the same time our money lies dead in bank. On the next leaf I name some of those stocks which you did not embrace, and shall from time to time add others as they occur.

Please give this matter such consideration as you perceive the best interests of the office demand. I have no confidence in the present condition of things very long remaining, and therefore think it inexpedient to reduce our rates on desirable accounts. The great object seems to be at present to save ourselves, and cherish all the power we have for the next winter.

Yours, truly,

GEO. S. COE, Cashier.

Erie Railroad bonds, first mortgage; and second mortgage; N. York and New Haven Railroad bonds; Michigan Central Railroad bonds; Delaware & Hudson Canal stocks; Hartford & N. Haven Railroad stocks; Utica & Newbury Railroad stocks; Indiana State 5's; Pennsylvania 5's.

OFFICE OHIO LIFE INS. & T. Co.,
NEW YORK, July 13, 1849.

C. STETSON, ESQ., *President:*

Your valued favors of 3d, 6th and 7th inst., with their several inclosures, came duly to hand, and are perused by the trustees here with great interest.

I am making some progress in exchanging Ohio 6's, 1850, for the same of 1870, and thus far receive 7⅞ per cent. difference in cash, which is passed to the credit of the fund commissioners, less ¼ per cent. commission *on each* transaction. Our commission account receives the ¼ per cent., and I consider the matter thus definitely settled. Amount already done about $100,000.

At the rate above named, I have exchanged the $13,500, Ohio 6's 1850, held for account of your office, and debit your account.

7⅞ premium paid fund commissioners for the sum of $995 62, which please credit in conformity. The new stock will bring about 110 per cent., at about which rate it will be sold when opportunity occurs. This is decidedly better than to hold the 1850 stock, for which there will be no demand except for the purpose of exchanging.

Your office is credited

Less dividend on $13,000 Ohio 6's, 1850	$405 00
	5 43
	$410 43

Observe in your enumeration of stocks held by the Company, you name $11,181 02 Ohio 6's 1856, are the $11,000 in the New York books, and in another name.

Your offer has been communicated to the Phœnix Bank, and I wait a more definite reply from them than is yet received. They will doubtless reject it, and it remains to be seen whether they will make an offer to sell.

Very truly, yours,

GEO. S. COE, Cashier.

OFFICE OHIO LIFE INS. & T. CO.,
NEW YORK, July 16, 1849.

C. STETSON, ESQ., *President:*

Dear Sir: Referring to my reports of 13th inst., on the subject of exchanging our Ohio 6's, 1850, for same stock of 1870, I beg now to advise having sold the new stock, viz:

$13,500 @111 per cent	$14,985 00
Less ¼ per cent. brokerage	33 75
	$14,951 25

Cash to-morrow, at credit your office.

This makes the 1850 stock stand us in 103⅜. Certainly a high rate. I have now advanced the rate for exchanging on behalf of the State, 1850's for 1870's to *eight per cent.*

Money continues to pour in upon us much faster than can be placed constitutionally at 4 per cent., and it is so generally in Wall Street. We

have been discussing the expediency of reducing Butler's interest on the $150,000, for which we pay 4½ per cent., but before giving him notice, thought best to refer the subject to you for advice. I am confident he could not now place it elsewhere on the same terms, unless he deposits in a private banking house, which under his instructions he is not authorized to do.

We have now $150,000 at 4½ per cent. interest, and about $100,000 at 4 per cent.

Please favor me with your views on this subject.

Very resp'y, and truly yours,

GEO. S. COE, Cashier.

OFFICE OHIO LIFE INS. & T. CO.,
NEW YORK, Nov. 8, 1849.

C. STETSON, ESQ., *President*:

Dear Sir: Your favor of 2d inst., is at hand, for which please accept my thanks. Due note is taken of your credit of $1,000, in favor of R. D. Harshman.

I observe, with great pleasure, that you entertain no doubt of the Company being able to make a dividend in May next, which will answer the general expectation. The opinion of the Trustees here, as well as of our most intelligent stockholders, is that the interests of the Company render it important *now* to declare the *largest* rate which, in your opinion, it will be possible or expedient to continue hereafter, even if in doing so it should be necessary, not only to exhaust present surplus, but to estimate our resources to their *full* value.

For some time past we have been gradually recovering our lost character and credit, and it requires but the declaration of a liberal dividend fully to reinstate us in public estimation. I am very confident that a difference of one-half per cent. would be more than overcome by the increased power and business facilities which the reputation of liberal dividend would afford us.

The impression conveyed by declaring only three per cent. would be, I apprehend, that the Company was still under embarrassment, but had deemed it expedient to divide *something* for the sake of appearances, and

this impression would doubtless be strengthened by the disappointments of our stockholders, in not realizing former expectations.

All our city banks have this year made large dividends. It would be favorable to our company that the contrast be not greater than actual necessity demands.

Yours, very truly,
GEO. S. COE, Cashier.

We fully concur in the above.

ROBERT BAYARD,
MOSES TAYLOR,
Trustees.

OFFICE OHIO LIFE INS. & T. Co.,
NEW YORK, Novem. 24, 1849.

C. STETSON, ESQ., *President:*

Dear Sir: Your very valued favor of the 16th inst., came duly to hand, and contents are noted. For that portion of it which is particularly personal and very agreeable to myself, I beg leave to tender my sincere acknowledgments, happy to learn by so substantial a testimonial, that my official labors have met the approval of the Board.

Your remarks respecting the January dividend, are also pleasing to our Trustees. You will observe our stock is now 98 to 99. My belief is, that it will not be less after the dividend is paid, and I beg to suggest to you, whether it would not be well to sell the 175 shares held by this office.

I regret to be obliged to return the Mather credit from Messrs. King & Sons, for reasons which I have explained to Mr. Bishop. You will have received the revised list of stocks which went from here on the 20th inst., addressed to Mr. Green as Sec'y.

Please bear in mind my remarks in my last letter respecting the poverty of your bills receivable packet book Your account now shows at debit $730,000, and I cannot scrape together $50,000 *negotiable* bills. Money easy in Wall Street. With us it cannot long be, without the means of replenishing.

I remain, dear sir, very truly, yours,
GEO. S. COE, Cashier.

OFFICE OHIO LIFE INS. & T. Co.,
NEW YORK, Jan'y 22, 1850.

C. STETSON, ESQ., *President*:

Dear Sir: Your favor of the 18th inst., is at hand, and contents are noted.

The transactions of the bank agency, added to our own dividend, and other heavy drafts from Butler's Indian Agency have all appeared within two days, and given me as much business as was comfortable to manage.

Please arrange the operations of the Agency and your office, so that I may receive advice *by* telegraph in time to prepare beforehand. The western mail arrives here about two o'clock, and you can well conceive how difficult it is to provide means for a heavy demand at any hour when the business of all moneyed men and institutions is drawn to a close. Please let this suggestion have due attention, and oblige, dear sir,

Very truly, yours,
GEO. S. COE, Cashier.

Your office has pulled its whole rope on this institution. Please slack up a little.

OFFICE OHIO LIFE INS. & TRUST CO.,
NEW YORK, March 26, 1850.

C. STETSON, ESQ., *President*:

Dear Sir: I beg leave to hand you annexed copy of a few lines I have found it necessary to address to the City Bank, Columbus, whose account for some weeks past has been constantly in arrears. In order to bring it up, I made them a loan of $20,000 on such collections on hand as we consider here sound and regular. Notwithstanding this they are again behind. Should they make complaint to you, I have merely to remark that they cannot reasonably ask more than they have received from us, and if their amount be not soon improved, I shall consider it my duty to refuse payment of their drafts, which will not of course be done without strong reasons.

Please say whether you think this Bank sufficiently identified with the Columbus Insurance Company to render its credit in any way doubtful.

Very truly, yours,
GEO. S. COE, Cashier.

[COPY.]

N. YORK, March 20, '50.

T. MOODIE, ESQ., *Cashier*:

Dear Sir: Your account is again presented by our books some $8,000 at debit. It has already reached the limits which my instructions from Cincinnati allow me to go with any of our correspondents, and I do not feel authorized to advance further without special permission. With every disposition to accommodate you, I can do no more.

Yours, truly,

GEO. S. COE, Cashier.

OFFICE OHIO LIFE INS. AND T. CO.,

New York, April 15, 1850.

C. STETSON, ESQ., *President*:

* * * * * * * *

I am exceedingly disappointed with your agreement with the fund commissioners, and cannot but feel, on review of the labor, care and study which I have during the past year devoted to the operation of exchanging the State stock, that the commissioners have exacted most niggardly terms, quite inadequate to the value of the services rendered. It is impossible here to enter into details. I feel confident, however, in asserting, and I am sure Mr. Sill, who best understands the subject, will concur, that a less faithful attention and management would have made a difference to the State, of five times the commission in question. I have no hesitation in adding that no institution in New York, whose standing would justify the trust, would have performed the service for less than one-fourth per cent., and I think not at that *low* rate. Some others would gladly do it for nothing, and at the same time be dearly paid. If ever a commission were fairly earned, this has been. The time spent in protracted negotiations, and in planning and contriving means to effect favorably the market, if applied to another service of the same responsibility, would have produced ten times the profit.

There are points in this agreement which require explanation. Please say whether,

1. The charges of one-fourth per cent. already made for exchanges, and which have been reported to the commissioners from time to time, must be now reduced to one-eighth, or does the rule only apply hereafter?

2. Are we to make the same charge (one-eighth) on the *issue* of new stock taken after advertisement of proposals?

3. The agreement states "one-eighth per cent. on all *purchases* and exchanges." Does this mean that we are to charge one-eighth in *addition* to the one-eighth assumed at the board of brokers, where stocks are bought?

4. Does the interest we are to allow (4 per cent.,) embrace the large amount (some two to two and a half millions,) which will be received within a short period for the new loan? This money will come in in enormous sums, and at a time when we cannot place it profitably. Nor can it be used otherwise than *on call*, with sound stocks as collateral security, which for so large sums cannot readily be found. Please remember, too, that the short time that the money will remain, and the absolute *certainty* of having it when the 1850 stocks are due, will prevent your withdrawing any part of it from this city, even if in the warm season you could make use of it in Cincinnati.

Under all these circumstances we shall lose money in the transaction, besides having an amount of responsibility which a care of such magnitude necessarily wishes.

To this last point, I beg especially your attention. *It* is one which is to form the most important part of my duties till December next. Please also say, whether interest is to stop on the redemption funds on the 31st December, 1850, whether the stock shall all have been presented or not. It should be so, as the money must thenceforth be unused.

Yours, very truly,

GEO. S. COE, Cashier.

OFFICE OHIO LIFE INS. AND T. Co.,
New York, May 17, 1850.

C. STETSON, ESQ., *President*:

Dear Sir: I have the pleasure to inclose statement of this office on 15th inst.

You will perceive that the aggregate of our columns is larger than for some years before. The prospect now is, that it will so continue during the summer, and be still further increased by the State's operations. We can let your office draw freely while this state of things continue; but

the very abundance of money, merely for the time being, ought to make us careful not to place it beyond immediate call. Please, therefore, say whether you can so place from one to three hundred thousand dollars, that it can be at command, *without possibility of question*, when required? If so, we can probably furnish it within the next 60 days. To this question please give special attention as soon as possible. I had a few moment's conversation with Mr. Sill, fund commissioner, respecting the interest we were to allow them, and convinced him of the impropriety of our paying four per cent. on the large amount of funds proceeding from their new loan. He acknowledged to me that they ought not so to require, but only that the rate specified should apply to their *general* account, leaving the loan money subject to special contract, or subject to whatever we could get for it in large sums. To this point, I beg your attention. As Mr. Sill understands it, there will be no difficulty, and I am not without hope of being able to make something out of it, to cover the want of the commission, which we *ought to have*.

As I view our prospects for the summer, it will require more than ordinary prudence to conduct the business. We shall doubtless be full of money, which, under any circumstances, will be required from us in the fall, and if a pressure should arise in consequence of the enormous amounts consumed in public improvements, (and which seem certain to come,) our whole power will be required. To use our means safely, and at the same time have it *at command*, will not be an easy task.

Please give me the benefit of your counsel, and have an eye on us before we let out all sail.

Yours, very truly,

GEO. S. COE, Cashier.

OFFICE OHIO LIFE INS. AND T. CO.,
New York, May 18, 1850.

C. STETSON, ESQ., *President*:

Dear Sir: Your favors of 13th and 14th inst. are received. The inclosures contained in the former have been passed to credit of the banks respectively named. The latter of your favors has this instant come to hand, too late to consult with our trustees on the subject referred to.

I feel confident in expressing the opinion that the credit of our company would be seriously affected by a guaranty of railroad bonds in any form, not only because of the feeling which prevails among our cautious stockholders and business men, that railroad securities must, from their excessive creation, by and by, meet the fate of similar securities in England; but more, because the company were, by such an act, showing a disposition to leave the old and beaten track of business. I should doubt, also, whether it could be made perfectly clear that such a guaranty was within our legitimate powers. At least so the public would question. I shall address you by next mail, having no time to add now.

Yours, truly,

GEO. S. COE, Cashier.

I may add, that an intimation of a similar kind respecting the Hamilton road, met with no favor whatever here.

OFFICE OHIO LIFE INS. AND T. CO.,
NEW YORK, May 21, 1850.

C. STETSON, ESQ., *President:*

Dear Sir: I have already acknowledged the receipt of your favor of the 14th inst., and on further consultation with our trustees, and inquiring in the market, see no reason to change the opinion before expressed respecting the Little Miami Railroad bonds.

The purchase at 85 would not be profitable, were the bonds to be sold on their own reputation alone, and I should doubt whether they could be sold here at much over 80 per cent., which seems as high as the investment would justify.

With this company's guaranty they would doubtless bring 95 per cent.; but how would it appear to see this company in market identified with a railroad company? I am sure we should be injured to an extent far beyond the profit of the transaction. It would be more to the company's advantage, if it were desired to make the purchase, to do so either as a *permanent* investment, or for immediate sale on their merits; but in either case, I should not consider 80 per cent. a lower rate than other securities of the same kind could be procured.

Yours very truly,

GEO. S. COE, Cashier.

OFFICE OHIO LIFE INS. AND T. CO.,
NEW YORK, July 13, 1850.

C. STETSON, ESQ., *President:*

Dear Sir: I have been unable until now to report our progress with the Ohio Fund Commissioners.

On the 1st inst., we received for their account $2,800,000, for which, after advising with our trustees, I offered them interest at the rate of 2½ per cent per annum, and take the risk of placing it either in banks or in loans on collateral, at our discretion. For this large sum, at this particular juncture, when sound collaterals are scarce, and the banks here would only take limited amounts at 3 per cent., this rate was considered as high as was safe, knowing, as we did, that no other institution, *whose responsibility would justify the trust*, would give more.

Mr. Sill thought proper, however, first to try his skill elsewhere, and for that purpose quietly employed sundry parties to visit the smaller banks, and place with them sums of $50,000 and $100,000, at 3 per cent., of which I have not yet learned particulars.

Finding this to be the case—contrary to our expectations—I proposed to him to allow us the option of retaining such part of the funds as we desired, at the same rate he could get elsewhere, and also to give us the *exclusive* privilege of purchasing the Ohio 1850 stocks at such rate that we could turn them in to the State to be equivalent to 3 per cent. per annum. To this he consented, and accordingly we have retained $1,000,000 of the State funds in *special* account, repayable 31st December next, at three per cent. per annum interest.

Of this amount a large portion has been loaned at 4 per. cent. on collateral of the new stock to parties taking the same—part payable on demand, and part stipulated as to time, and the 1850's will be bought in as fast as may be, to produce the same result (now at 101 per cent). In this way we are sure of gaining ½ per cent. on the whole sum at the end of the year (or $5,000), and run no risk whatever..

I am not disappointed in not having the whole or a larger portion of the money, because of the difficulty of finding collaterals of that sound character which we are justified in taking. For the amount above named, with the privilege secured of purchasing the old stocks, we are in no danger of losing by large surplus unused; nor shall we be tempt-

ed, by the necessity of employing the funds, to take less substantial securities than otherwise.

Yours truly,

GEO. S. COE, Cashier.

July 13, (1850.)

Dear Sir: In negotiating with the Commissioners of Ohio, I found myself *unexpectedly* placed in competition with several of our shrewdest Wall-street financiers, whom Mr. Sill had *quietly* called to his aid before I was aware of it. I do not name this in censure of his course, not doubting that he was as eager to serve the State, as I was to make a good bargain for this company.

I cannot but feel, however, judging from what is leaking out, that he was less careful in selecting his depositories than I should have been in like circumstances, and my negotiations and plans were so far defeated and disappointed. I think, however, that we have retained as much of the money as can be made profitable.

Very truly, G. S. C.

October 31, 1850.

C. STETSON, ESQ., *President:*

Dear Sir: I beg leave to hand you a copy of my receipt for $125,000, which I have this day taken from Messrs. Delano & Dunlevy, a concern just about commencing business here. These gentlemen are both from Ohio, and may transact with us important business hereafter. This money they have received from Secretary Corwin, and have agreed to transfer the amount to *New Orleans* (in specie funds) *before the 25th December*. They desire our assistance in doing it, or rather with us to do it for them.

Can you not draw on this office for the amount thus placed at our disposal, and invest the avails in New Orleans paper maturing about the period named, or make any arrangement with the New Orleans Bank for them to provide the specie against your collections in their hands? These gentlemen hope to remove the amount a little below par for New

York funds. Please reply, without delay, whether and in what terms you can do it. If possible to inform me by *telegraph*, please do it, as they are in haste to know.

Yours very truly,

GEO. S. COE, Cashier.

October 31, 1850.

C. STETSON, ESQ., *President:*

I may not have been sufficiently explicit in expressing to you, in my previous letter of this day, the terms on which Messrs. Delano & D. expect to transfer the $125,000 to New Orleans.

New Orleans funds can now be bought here at (sight funds) about ¼ discount. They will gain the interest by delay, but will be in danger of a change in rates, which will more than counterbalance. The question is, then, shall they buy *now*, or can we agree to place the amount on 25th December, so that they can do better by waiting, and we be benefited by the deposit?

GEO. S. COE.

November 8, (1850).

C. STETSON, ESQ., *President:*

Dear Sir: Your favor of the 4th inst. is received, and I take note of your authority for me to draw on the New Orleans Canal Banking Company, payment 24th December, $125,000, at ½ per cent. discount, allowing no interest on the deposit of Messrs. Delano & Dunlevy; in which I also observe, you allow me to exercise discretion whether to do it or not.

Referring to my reports of yesterday, on the same subject, you will see that a change has come over the market, and I shall therefore meet those gentlemen to-morrow under the new condition of things. My impression now is, that I can agree with them for ¼ per cent, better than your limit, and at that rate, if par cannot be secured. I shall draw. If done, I shall advise you by telegraph.

Yours very truly,

GEO. S. COE, Cashier.

November 11, 1850.

C. STETSON, ESQ., *President:*

Dear Sir: Since my respects to you of 8th inst., your telegraph dispatch of 9th, has come to hand,—stating that you would hold to your proposition of 4th inst. I found, on inquiry, that the impression among leading houses is that the large amount of specie shipped to New Orleans would soon cause a decline in rates. I have therefore drawn on the New Orleans Canal and Banking Company $125,000, No. 169, favor Messrs. Delano & Dunlevy, dated this day, payable on 24th December prox. (no grace), *waiving acceptance, at ⅜ per cent. discount;* and have so telegraphed you. The discount is payable here.

Your office is consequently credited $125,000, *to bear interest from 31st ult. in account*, and debited ⅜ discount paid Delano & D., $468 75. This closes the transaction with Delano & D. Please make entries on your books in conformity, *and advise the New Orleans Bank.* I have written them that you would do so. Messrs. Delano & D. have agreed with the Government to place this amount in specie into the sub-treasury of New Orleans, and as that officer cannot legally handle an unholy thing, they are at loss how to do it. Perhaps you would have no objection to asking the cashier to place the amount in the sub-treasury, and take receipt therefor as coming from Delano & D. For this service they cannot afford a compensation other than the expenses, as the ⅜ hardly pays the responsibility.

Please say to Mr. Bishop, that this $125,000 are at his disposal, and the sooner he draws it the better, as we are in funds even for a larger amount.

This transaction, I doubt not, will lead to others of the same nature, which may be more profitable.

Yours, very truly,

GEO. S. COE, Cashier.

November 14, 1850.

C. STETSON, ESQ., *President:*

Dear Sir: I have telegraphed you to-day, to know whether, and at what rate, you can transfer one million, or any part of it, to New Orleans, for Messrs. Delano & Dunlevy, by 25th Decem. or 1st January. They

intimate a willingness to pay one per cent., but of that there is nothing definite.

This amount is a new operation which they can take from the Government if it can be managed, and they seem inclined to throw themselves upon us for the purpose. The amount is to pay Indian claims in Arkansas or thereabouts. When in Cincinnati, I made it an annual business to buy of the Franklin, Lafayette and Commercial Banks, considerable amounts of New Orleans funds, which they were always willing to exchange for New York funds *at par*, and generally under. This I mention, simply to suggest whether or not, through them and the Kentucky banks, something of importance could be accomplished. I have reason to know that it is particularly agreeable to head quarters in Washington that our institution should "finger the pie."

It may be, that before answer can be made to this letter, too much time shall have elapsed to secure the transaction. Please, therefore, make inquiries in such form that you can secure the refusal of any funds in your neighborhood, without being positively committed, should it be too late, and telegraph accordingly.

Yours, very truly,

GEO. S. COE, Cashier.

Suppose this money destined for Arkansas—have you any means of placing it in St. Louis, or nearer than New Orleans?

The fact is to be taken into view that this Government transfer is to affect exchanges between this and New Orleans, and funds in the latter place must therefore be in increased demand here. Had I known of this transfer, I should have made $\frac{3}{8}$ per cent. better in the other.

January 10, 1851.

CHAS. STETSON, ESQ., *President:*

Dear Sir: Inclosed please find statement of this office on 1st inst. which has been unavoidably delayed by the pressure of State business.

By it you perceive that the balance of profits on hand, was	$34,554 81
Which, less balances previously at credit of profit and loss	5,969 48
Leaves the last 6 months' business about	$28,585 33

Which is certainly a satisfactory result. The State's operations with this office have greatly contributed to that result, as the profit in interest account on the million which we have had at 3 per cent. per annum, has been from ten to fifteen thousand dollars.

Besides the million already on hand, I received from the fund commissioners on the 2d inst. $1,900,000, making together about *three millions* with which to redeem the State loan of 1850, and interest thereon. As this large amount was provided for a specified purpose, I have placed it to a special "*Redemption Account*," *not subject to interest*, and expect to make an important gain to our interest account on stock delayed in presentation. There has already appeared, and been paid, some $1,800,000 of stock, leaving to-day $1,100,000 to credit of "redemption account," which is nearly all drawing 3 to 5 per cent. per annum. It must be some months before this whole amount will appear, and I shall do my best to prevent a question of interest being agitated by the fund commissioners. Of the amount still unpaid, we have placed $500,000 in the American Exchange Bank at 3 per cent. interest, subject to call from day to day as the stock appears. The balance is loaned as usual on stock collaterals at 5 per cent., also subject to immediate call.

With the amount of profits now on hand, $34,554 81, I am now able to absorb all the bad and doubtful debts, which remained untransferred in October, 1848, when this office changed hands, and I beg to inclose a list of the same, all which will appear on the statement of 30th Sept., 1848. After charging these amounts, there remains $1,078 72 to profit and loss, and we start with clean sheets. I sincerely hope that they may remain so.

Yours, truly,

GEO. S. COE, Cashier.

I regret that our 6 months' profits could not have gone to swell the aggregate of your profits, as it would have added nearly 1½ per cent to the amount. Having now removed all obstacles, I trust we shall hereafter work for the general good.

List of Debts carried to separate account, called "Bad and doubtful debts prior to 1st Oct., 1848.

Protested bills, E. Turk	$1,616 91
Loans, J. N. Reynolds	500 00
" J. B. Macy, 1,900, balance	925 00
V. Worthington, special account, balance	4,000 00

Benoist & Co., disputed balance claimed as interest		$497 57
Samuel Coit		24 80
Huntington & Carew		1,640 00
Martin & Rogers		169 93
J. McAlister		100 00
John H. Mouser, Chillicothe, in suit		6,299 34
J. N. Reynolds, interest on loans above		64 75
J. G. Fendi		498 49
K. Taylor, president		51 81
R. H. Sherman		100 00
Merchants' Bank, Macon		392 76
Gibson, Easton & Frinks		150 48
C. J. F. Pfienman		100 00
Total		$17,131 84

Stocks taken of Norvell—consisted of—

500 shares N. Orleans Canal Bank at par		$50,000 00
50,000 Reading Railroad bonds	"	50,000 00
10,000 Pennsylvania 5's	"	10,000 00
3,000 Tennessee bonds	"	3,000 00
Taken at		$113,000 00
Sold 50,000 Reading bonds, and 10,000 Pennsylvania 5's; produced		43,655 75
Balance account 30th Dec., 1850		$69,344 25
On hand—500 shares N. Orleans Canal Bank, valued at par	$50,000 00	
3,000 Tennessee bonds, at par	3,000 00	
		53,000 00
Loss		$16,344 25
Amount of profits on hand 30th Dec., 1850		$34,554 81
Deduct—Loss on stock taken of Norvell, as per statement	$16,344 25	
Amount reserved in special account, called Profits, reserved to meet bad debts prior to 1st October, 1848	17,131 84	
		33,476 09
Amount of profits remaining 1st January, 1851		$1,078 72

February 4, 1851.

C. STETSON, ESQ., *President:*

Dear Sir: I beg leave to hand you enclosed a letter from Mr. Sill, fund commisoner, and of my reply, on the subject of interest on amount deposited to meet State stock due 1st January ult., and not yet called for. I have made the proposal which ought to satisfy him, and I beg leave to ask to it your special attention, and to request that your office consent *not* to modify it. The State cannot remove the funds from us easily, and we can refuse to pay, if they should do so. It would not answer for these funds to be placed elsewhere subject to call, as a want of promptness might subject the State to dishonor, without our interference. I regret that he has raised the question, but shall make something out of it yet.

Yours very truly,

GEO. S. COE, Cashier.

May 6, 1851.

C. STETSON, ESQ., *President:*

Dear Sir: Enclosed herewith please receive statement of this office to 1st inst.

In reply to your favor of 22d ult., in which reference is made to my request for reduction of the indebtedness of your office to this agency to one million, I beg leave to remark, that our exact position at the time seems not to have been fully appreciated

The balances of Ohio banks with us were not only being rapidly withdrawn, but we were daily called upon to assist many of our oldest and most valued correspondents, whose claims were too strong to be denied. We were also liable to immediate demand for payment of $600,000 Ohio State stocks of 1850 still unredeemed, which is held by a few parties in England, and expected by their agents to arrive by every steamer.

At the same time our city banks were all extended, as they still are, to their utmost capacity, and an apparent tightening of our money market had caused some uneasiness among them. With this state of facts, after allowing our loans on call to be reduced to the lowest amount justified by regard to safety, there was no alternative left but to call on your

office, which then owed us about $1,400,000, for the reduction referred to.

In answer to your question—"Why could not this office have been relieved by re-discounting our bills receivable at 6 per cent. interest," I can only say, that in the first place you over-estimate the capacity of our banks in supposing it easy to procure several hundred thousand dollars at short notice; and experience has proved that our wants generally arise, as in this instance, exactly at the time when our city banks feel compelled to contract their discounts.

I have been thus particular in this statement, because it furnishes occasion to remark on the general subject it presents. Since this agency has been under its present management, our trustees have fully concurred with me in aiming to avoid reliance on foreign aid—not considering it a legitimate course of business for a banking institution of high standing to be *compelled* to secure facilities by re-discount of its business paper. Such a course, often repeated, *must* prove disastrous to its credit, and I am fully justified in stating that our own institution has suffered not a little in time past in that way. Knowing well, as we do, that the necessity of extending our powers, arises from the insufficiency of banking capital to remove the vast productions of your region, yet viewed from this point, it is impossible to give explanations sufficient to suppress all doubt and inquiry. We have therefore endeavored to reserve our *rights* to call for assistance from our city banks until a severe contingency; and aimed to pursue a course which should remove all doubt of our ability, and *command* the desired facilities by an elevated position and credit. And it will be found, on examination, that this agency (without assistance) has furnished your office the year past, nearly or quite double the amount of any former period, while, at the same time, it has been regular and uniform.

It is not necessary that I assure you of the desire which all here feel in increasing the company's profits, and no aid which can be rightly secured will be wanting. By avoiding the use of our credit, we believe this object can be better accomplished to the safety, credit and comfort of all concerned.

It would be highly gratifying to our trustees, and promote a more intelligent management of this office, if you would adopt the custom of *advising us freely of your wants and doings*, and of the state of your

money market with the fluctuations of exchange. By regular (say weekly) reports, we could make timely arrangements to meet contingencies, and avoid those sudden checks which are produced by the necessity of acting after the fact, and without due intelligence of the circumstances which are affecting us.

Yours very truly,

GEO. S. COE, Cashier.

PRIVATE.

OFFICE OHIO LIFE INS. AND T. CO.
CINCINNATI, October 10, 1851.

C. STETSON, ESQ., *President:*

Dear Sir: From some indications which are not sufficiently definite to express, I feel apprehensive that the Columbus Insurance Company will, before long, suspend operations. It would be well, therefore, to examine their liabilities to this company with the view to such a contingency, which, should it not occur, will have done us no harm to anticipate.

I hand you enclosed statement of their liabilities which are now in my hands for collection, leaving you to judge how many more there may be elsewhere. I may add, that Mr. Sill (fund commissioner) expresses doubt of the *punctual* payment of the $100,000 due the State, but he adds, "we have the most undoubted collaterals." It is quite evident that all the creditors have not such security, although I believe we are equally fortunate with the State in that respect.

I need not say that my surmises regarding the position of the company are very confidential.

Very truly yours,

GEO. S. COE, Cashier.

October 18, 1851.

C. STETSON, ESQ., *President:*

Dear Sir: Enclosed please find statement of this office to 16th inst.

The newspapers publish to-day telegraphic dispatches from Louisville, announcing the explosion of the Columbus Insurance Company. This development has been made a little sooner than expected. My impression is, that Moodie, Whitehill, Miner, Swayne, Graham and But-

tles' estates will all be found swept away with it. This is only conjecture.

I apprehend, too, that the "*good* security" which the Ohio fund commissioners think they have, will be found to consist of the bond of the gentlemen above named.

How will the City Bank be affected? I am afraid of Moodie as ever.

Yours truly,

GEO. S. COE, Cashier.

November 5, 1851.

C. STETSON, Esq., *President:*

Dear Sir: By to day's express (Livingston & Fargo) I send to your address the box of papers received from Mobile, as requested by your favor of 31st ult.

Herein please find statement of this office to the 1st inst.

The State of Ohio fund commissioners are not yet moving with their remittances, and have little time left in which to transfer two millions. The balances of Ohio banks with us are very small. Exchange must therefore be in good demand, and stiff within 30 days. I fear that the Columbus Insurance Company's securities for $100,000 will be found wanting. The fund commissioners have been too much disposed to scatter their favors, and quite reluctant to banking up in this office. This may prove a severe lesson Yours, very truly,

GEO. S. COE, Cashier.

November 19, 1851.

C. STETSON, Esq., *President:*

Dear Sir: I have the pleasure to own receipt of your favor of 12th inst. Mr. Henry Shelden ranks here as No. 1. He is estimated at some $250,000, and there is no one whose character for integrity stands higher. I consider his name among the best we have. His business (dry goods) is extensive, and said to be profitable.

In regard to the house of Gibson, Stockwell & Co., very little can be learned here. They have a general reputation of being strong, but it

rests on their western partners. The partner here (Gibson) has little or nothing. Their business is very large. I have not the same confidence in the concern as generally prevails, and without more positive information than can be obtained in this city, should not negotiate their paper largely, without strong names as drawers.

The blue book will be furnished as soon as possible, but I fear some delay will yet arise in completing it. No time will be lost in pressing it forward.

Herewith please receive statement of this office to 16th inst.

The fund commissioners have not yet remitted me anything. They are compressing their operations into a very small compass. The Ohio banks are also very low with us, almost as low as at any period in three years. With these facts in view, I see not how exchange can be kept down till after 1st January.

My impression is, that if you purchase and remit freely all that is offered now, you can draw at considerable advance in two to four weeks to supply the then great demand, and even if you should draw very largely, it can be returned again at a profit immediately after the 1st inst., and in time to meet the State stock offered for redemption.

Yours, truly,

GEO. S. COE, Cashier.

December 2, 1851.

C. STETSON, ESQ., *President:*

Dear Sir: I inclose copy of my letter of this day to City Bank, Columbus, by which you will perceive that I may have to refuse their checks even with funds in hand. It is believed by some here, that their identity in interest in many of the transactions of Columbus Insurance Company can be established; and if so, they must suffer severely What ground there is for such conclusion, I know not, but shall be careful how they draw on this office. Their intent now seems to be to have no funds with us, and at the same time their business proceed. It has occurred to me whether they can arrange by transferring to you their assets, and have me transfer from time to time an amount to cover their checks. At any rate, I hope to hear from you how far it may be safe to go with them.

Yours, in haste,

GEO. S. COE, Cashier.

December 4, 1851.

C. STETSON, Esq., *President:*

Dear Sir: I have the pleasure to inclose statement of this office to 1st inst.

The State have yet made no movement respecting their redemption account for 1st January, and the time draws near. This stock is all held in this country, and will be presented without delay. We can make little or nothing in interest from the funds, and should allow them none. Last year, you may remember, we allowed three per cent. per annum on the balance remaining here *after three months.* If we cannot do better, this will bear repetition, as it has worked well with the 1850 loan, but I hope to resist any payment of interest. In case the State is cornered, I presume we can aid them here to some extent,—yet as little as possible. If there is any prospect of such an application, we should be made strong by remittances from your office. Yours, truly,

GEO. S. COE, Cashier.

December 18, 1851.

C. STETSON, Esq., *President:*

Dear Sir: I have the pleasure to inclose statement of this office on 16th inst.

In my respects of 19th ult., I spoke in *very* strong terms of Henry Shelden, Esq. I do not wish to modify, in any degree, what I said, in respect to his high character for honor and integrity, nor of his estimated means; but only to add that he is *a little too amiable* in lending his name to accommodate friends, of which I suppose the case in question with you illustrates. I should, therefore, have regard to your end of the line in such operations, which are probably the only parties accommodated or interested.

The fund commissioner has given me his programme for 1st January, showing ample means to meet his payments, but they will not come to hand before the very day of payment. I trust you can make him pay a liberal rate for whatever exchange he requires.

Yours, truly,

EO. S. COE, Cashier.

January 3, 1852.

C. STETSON, Esq., *President*:

Dear Sir: The Ohio fund commissioner arrived here only in the evening of the 31st ult, leaving me uncertain, up to the last moment, what were his resources for payment of two millions on the 2d.

On opening his budget, I found that about two-thirds the whole amount was in checks on this office, by banks which had either barely sufficient to meet them or were overdrawn.

I consequently had to call for assistance at Bank Commerce for $150,000, which was as much as could be selected of your "*negotiable*" paper, and to telegraph you for a suspension of drafts, and a little "substantial aid" besides. Mr. Bishop has drawn *unreasonably* of late, in view of what were my evident necessities. By holding up for a short period until the Ohio banks make up. Bank balances are drawn down to a lower point than ever before.

We have paid, up to to-day, about $1,200,000. The balance will not remain long outstanding. This stock is held *all* in this country, and in small sums.

The fund commissioner is still short of the amount required about $150,000, which banks have failed to place here in time as agreed.

I have never been placed in quite as "tight" a position as yesterday. The very bottom of our boxes was cleaned. Unless the banks of Ohio fail entirely of their duty, we shall go on smoothly with the aid I have asked of you.

Please wait further advices before drawing further.

Yours, truly,

GEO. S. COE, Cashier.

Ten or twelve banks overdrawn.

January 6, 1852.

C. STETSON, Esq., *President*:

Dear Sir: I have the pleasure to inclose statement of this office to 1st inst.

Your account is credited $12,073.79, being profits of this department for past 6 months, which please enter, having first credited us $9,749.21 interest on your office account for 3 months past.

The fund commissioner has made up the amount of his account—but *barely*. His intention was to have left with us an excess of some $100,000 or $200,000, which was to have come to him from the Treasurer of Ohio, but for some reason it is not forthcoming. The Ohio banks are yet, many of them, greatly in arrears, and I am, therefore, paying from almost empty boxes. As soon as our accounts are made up, and it will be safe to draw, I will advise. Meantime keep within bounds.

Yours, truly,

GEO. S. COE, Cashier.

January 19, 1852.

C. STETSON, Esq., *President*:

Dear Sir: Enclosed, please find statement of this office on 16th inst. Since then, I have paid about $150,000. Ohio 7's redeemed—leaving only $300,000 outstanding.

These payments reduce our means to a very low point, and render it necessary that your drafts on us be as limited as practicable.

We shall make little or nothing by the 7 per cent. redemptions.

Yours, truly,

GEO. S. COE, Cashier.

February 4, 1852.

C. STETSON, Esq., *President*:

Dear Sir: Please find enclosed statement of this office 1st inst.

Your favor of 28th ult., enclosing statement of the company is at hand, and is particularly valuable, as our stock seemed of late to be unaccountably depressed, and suspicion whispered that we had taken some bad paper. I regret exceedingly that sellers of the stock were so importunate in demanding offers, as a little patience would have restored the market.

Yours, truly,

GEO. S. COE, Cashier.

Will the destructive spirit now manifested by the Ohio Legislature grow into anything serious as regards banks?

February 20, 1852.

C. STETSON, ESQ., *President:*

Dear Sir: I have the pleasure to enclose statement of this office 16th inst.

The tax law of Ohio appears to have alarmed Western holders of our stock, as it continues to come for sale. The fluctuations are greater than in any stock of the substantial kind. To-day 1½ offered, 2¾ asked. After the sale of any particular lot, the price immediately rebounds to 103½.

Is there any reason for serious results from the Legislature of Ohio; and what would be the worst effect in our case?

Yours, truly,

GEO. S. COE, Cashier.

May 28, 1852.

C. STETSON, ESQ., *President:*

Dear Sir: I have much pleasure in acknowledging receipt of your favors of 25th and 26th inst., and especially so, in finding that there is no such difference among us in regard to our estimate of the position of our company, as was apprehended. The promised report of Judge Hitchcock will be especially valuable to me, and save much time in answering questions of stockholders. Please send them at earliest convenience.

I note and appreciate your remark about the State interest. The same mail brought me letters from Mr. Sill and Treasurer Breslin, advising me of the appointment of Dr. Trevitt as State Agent. I send copies herein, and also of my answer to Mr. Breslin. You perceive that he is disposed to do right, and I have written him candidly in consequence. You *must* be mistaken about the *Auditor's* position. I learn that he is the most *ultra* of *ultras*.

When the State's Doctor presents himself, I shall be in great doubt, not having the law before me on which he will pretend to act. Of course, (as in all doubtful cases,) I shall temporize, and get all out of him that is possible—keeping him in good nature, and request him to leave his credentials and call again, and in the meantime take the best legal advice that I can obtain.

Should Mr. Breslin be deficient *in funds* I can easily aid him without commitment by obtaining a loan on his stock collaterals—which, without doubt, he has—and then assist the party who will assist *him*.

This quarrel among the *powers*, gives us the best reason for hope. The result cannot but be favorable.

Yours, very truly,

GEO. S. COE, Cashier.

PRIVATE.

OFFICE OF THE OHIO LIFE INSURANCE AND TRUST CO.,
NEW YORK, May 28, 1852.

J. G. BRESLIN, ESQ., *Columbus, Ohio:*

Dear Sir: Your favor of 26th inst. is at hand, and I note its contents with great interest. Your account shall be subject to inspection of no one but yourself, nor will any information be given on the subject of the State's business to an unauthorized agent. On this point, however, I am much in the dark, not having received any official notice of the new organization of the Ohio fund commissioners, or possessing any intelligence as to the manner in which, under the new Constitution, these functions are to be performed. Will you please furnish me with such documents and information as will enable me to meet any person who appears as "*Agent*," and that I may know whether or not his credentials are *unquestionable*. In the meantime, should the gentleman named make his appearance, he will be treated with great courtesy, but will not be allowed in any way to exceed his *legal* powers, so far as we can ascertain them.

I beg leave to express my gratification that all doubt on the subject of the July interest is removed. Several paragraphs which have appeared in your papers as to the constitutional question of paying without *specific appropriation*, have alarmed the timid among us, and I have already had much to do in removing these fears.

I will say to you without reserve, that our Company would only hesitate to meet *itself* the July interest (had such a contingency occurred) from the fear of placing itself in a position where its means *might* be jeopardized, or temporarily retained by those who may possibly consider it fair to take advantage of the fact, when the question of the new

tax law shall be opened upon us. At the same time, I take pleasure in assuring you personally, that should your funds be deficient, I can aid you *indirectly* in raising the needful, provided you bring with you such means as may be at your command,—say in stocks of the State.

I beg also to state, that having had no provision for a change, we are issuing certificates of State stock in the name of Mr. Sill (fund commissioner). I trust that due care will be taken that the business be neither obstructed by delay, nor be allowed to continue in any form irregularly

Yours, very truly,

GEO. S. COE, Cashier.

June 4, 1852.

C. STETSON, ESQ., *President:*

Dear Sir: Inclosed please receive statement of this office on 1st inst. By it you will observe that our *idle* funds are increasing, and I find it impossible to place them at interest, even at low rates. Your account is daily diminishing. Is the market with you in the same condition as ours, or have you other reasons for reducing?

I also inclose herein copies of two *private* letters received from J. G. Breslin (Treasurer of State), one of which, you observe, he requests me to destroy. I shall do so. You will perceive that the transfer agency is to be taken from us on 1st July.

We shall make up the interest books before handing them over, in order to show a clean balance sheet on their delivery, but I see no reason why we should trouble ourselves to aid them in paying the interest, although it will be next to impossible for a stranger, be he ever so rapid and clear headed, to understand the nature and regularity of foreign powers of attorney, the identity of principals and agents, and of guardians, executors and administrators, and the laws which affect them, so as to pay with safety under the pressure of an impatient crowd. Rely upon it, there will be some fun on the first few days in July. Is there any reason why we should furnish accommodations for these gentlemen after our term of service expires?

There may also arise several important questions respecting the delivery of documents:

1st. I want a clean discharge and attestation from our successors, that all our documents are correct. How can they know, with a cursory examination?

2d. Many, and indeed most of the powers of attorney under which we have paid, are permanent ones, and are no less our vouchers for past payments, than theirs for future ones. How shall we arrange it?

I mention these facts as they occur to me, at the moment, in order to show that the case is not without its intrinsic difficulties, and it will require much good nature and discretion to arrange them.

Yours, very truly,

GEO. S. COE, Cashier.

PRIVATE.

COLUMBUS, May 31, 1852.

Dear Sir: I shall send you to-morrow a Trust Company draft for $110,000.

I wish you to retain a copy of your interest book for me as made out for July. I am satisfied the board of fund commissioners will not retain the Trust Company as its agent. I desire this book for the reason, that if they do not "walk straight," and in conformity with law, I shall attend in person at your office on the 1st July, and commence the payment of interest myself. I shall be there at all events.

When I see you, I can explain to you in full the situation of affairs here. I have protested the warrant of the Auditor for the July interest, but I wish you to assure the bondholders that I *will attend to the payment of the interest promptly* if others do not. I suffered it to go to protest, because they have no right to appoint a permanent citizen of Columbus to an agency in New York. Read this and burn it.

Yours, truly,

J. G. BRESLIN.

To GEO. S. COE, ESQ., Cashier.

June 10, 1852.

C. STETSON, Esq., *President:*

Dear Sir: Doct. Trevitt, the State's agent, has arrived, and I have taken pains to display to him the ponderous ledgers and transfer books which belong to his department. He looks surprised and puzzled, and I think will hardly dare undertake the task.

I have written the Treasurer to-day, and inclose copy of a P. S. to my letter. If we are to lose the agency, I think it right to insist that the 1st July hard labor go with it. Yours, truly,

GEO. S. COE, Cashier.

June 21, 1852.

C. STETSON, Esq., *President:*

Dear Sir: Inclosed please find statement of this office on 16th inst.

The State's agent has returned to Columbus to counsel with his colleagues about the agency. He has wisdom enough to feel his incompetency for the task proposed, and I am promised the result of their deliberations before the 1st July. Yours, truly,

GEO. S. COE, Cashier.

July 1, 1852.

C. STETSON, Esq., *President:*

Dear Sir: I wrote to Mr. Bishop on the 9th ult., inclosing a copy of a communication which had been received on that day, and the Secretary of State and Agent Trevitt, who together with the Auditor and Attorney General of Ohio were at the Irving House, the Treasurer of State being at the same time quartered at the American Hotel, where he waited and watched the action of his colleagues. Finding all escape impossible, except by assuming the odium of a default in the State's credit, they were, as situated, now compelled to make overtures. Having expressed a most malignant spirit in regard to our Company, the Auditor calling us all manner of hard names, and endeavoring to induce the Treasurer to bring about some personal arrangement whereby the banks should be

preparing, and the officers of State saved the degradation of recognizing this soulless, mercenary and unholy *Whig Corporation* as their agent. The Treasurer of State continues firm in his refusal to pay over any money excepting to a responsible agent, which he would not admit Doct. Trevitt to be. At a late hour the gentlemen *appeared*, and delivered me their warrant on the Treasurer, payable to the order of Ohio Life Insurance and Trust Company, agent, &c., stating, at the same time, that it may remain so until the meeting of the Legislature, to which I did not object. Their intention, *then*, probably is, to make an appointment here by legislative authority, and thus avoid the responsibility of the act. The fact is, that they found the books of transfer so full of intricacy and detail, that they dare not attempt a hasty removal.

The next movement of the Auditor was to ascertain where the Treasurer had kept his funds, and to that end particularly requested me to inform him in what manner the warrant was paid. To prevent any doubt on that subject, I have given my receipt of the same to the Treasurer *in full*, as you will observe indorsed on the inclosed copy. You perceive that the Auditor is again foiled;—and, in fact, this whole movement here has ended in utter failure and disappointment.

The Treasurer has proved, throughout the controversy, to be the only one of the number who possessed a proper spirit, and he has done well.

Yours, truly,

GEO. S. COE, Cashier.

The following memorandum of an account with the State of Ohio, having special relation to the $200,000 Sill Loan of January, 1852, was found enclosed in a letter. It is copied as a matter of reference, and as having a bearing upon the question then pending:

Amount due Trust Company, 15 Feb., 1852		$153,741 53
Extended and dividend as follows:		
Payable April 1, 1852	$43,741 53	
Interest, 15th Feb. to 1st April	382 73	
		$44,124 26
Payable May 1, 1852	30,000 00	
Interest, 15th Feb. to 1st May	175 00	
		30,175 00

Payable June 1, 1852	$30,000 00	
Interest, 15th Feb. to 1st June	175 00	
		30,175 00
Payable July 1, 1852	50,000 00	
Interest, 15th Feb. to 1st July	291 67	
		50,291 67
		$154,765 93

Copy of account as settled.

CORRECTED STATEMENT.

Amount due Trust Company, 15th Feb., 1852, as above $153,741 53

Extended and divided :

Payable April 1, 1852	$43,741 53	
Interest, 15th Feb. to 1st April	382 73	
		$44,124 26
Payable May 1, 1852	30,000 00	
Interest, 15th Feb. to 1st May	437 50	
		30,437 50
Payable June 1, 1852	30,000 00	
Interest, 15th Feb. to 1st June	612 50	
		30,612 50
Payable July 1, 1852	50,000 00	
Interest, 15th Feb. to 1st July	1,312 50	
		51,312 50
Corrrect amount		$156,486 76
Amount as above		154,765 93
Difference		$1,720 83

Interest should have been	$2,745 23
" was charged	1,024 40
Difference	$1,720 83

OFFICE OHIO LIFE INS. AND T. CO.,
NEW YORK, Aug. 25, 1852.

C. STETSON, ESQ., *President, Cincinnati, Ohio:*

Dear Sir: By these lines I beg leave to introduce to you Ezra Ludlow, Esq., of this city, who has recently established himself with a special partner, in the commission business for western products, and visits Cincinnati with the view of furthering his interests.

Mr. Ludlow was for many years the confidential clerk of D. Johnson, Esq., and has had great experience in his business. After Mr. Johnson's suspension, our mutual friend, Mr. Bayard, having the utmost confidence in the business capacity, intelligence and integrity of Mr. Ludlow, and with a desire to promote the interest of a deserving gentleman, advanced a special capital of $20,000, as Mr. L. will explain. I need hardly add anything to this fact as a proof of Mr. Ludlow's position here.

The same motives which induced Mr. Bayard to aid this gentleman, naturally leads him to promote his views and interests, as far as possible; and I take pleasure in adding that in my opinion the utmost confidence can be reposed in him as a business man, and it will afford us all the greatest pleasure to see him succeed in extending his business by this journey.

Any assistance that you can render him by a kind word of advice or otherwise, will be gratefully acknowledged.

Yours very truly,
GEO. S. COE, Cashier.

November 18, 1852.

C. STETSON, ESQ., *President:*

Dear Sir: I beg leave to advise you that I am about consummating a business arrangement which will require my resignation as cashier of this company on the 1st of January next. At present, I know of no event likely to intercept this design, and therefore give notice in time for the company to take the necessary steps in view of this contingency.

Yours very truly,
GEO. S. COE, Cashier.

Correspondence from New York Office while Rockwell was Cashier.

March 26, 1853.

S. P. Bishop, Esq., *Asst. Cashier:*

Dear Sir: I duly received yours of the 18th, marked private, and have this day received a letter from the book-keeper in your office, preferring certain complaints in regard to the rendition of the accounts from this office.

I will thank you to advise this gentleman that I cannot enter into correspondence with him upon the business of your office. If at any time there be any oversight or remissness, I shall esteem it a great favor if you will remind me of it.

We have received the following letter this day from the cashier of the Farmers' Bank of Salem:

"Money is getting scarce in Ohio. The banks are not discounting when they can possibly avoid it, and will need, for thirty days to come, all they have east, and what is falling due. The Pittsburgh banks, I understand, are not discounting anything. We look for a tight time west for a little while, and if Ohio banks throw eastern notes out (and take up their own circulation, which I hope they will do), I think our Ohio Democracy will begin to think *crow-bar bills* don't work, and will assist in putting the State right next fall."

Steady curtailment is the true policy, and great circumspection in the choice of paper urgently demanded by the existing state of things.

I am, very respectfully,

W. W. ROCKWELL, Cashier.

April 11, 1853.

C. Stetson, Esq., *President, Cincinnati:*

Dear Sir: I have this day received your favors of the 7th and 8th, the latter enclosing the opinion of your solicitor, Mr. Worthington, in relation to the payment of taxes.

From the best consideration that I have been able to give to this troublesome question, I have been led to the conclusion that Mr. Worthington has expressed, "the taxes must be paid and obtained back, if possible, by suit against the collector." And I think the necessary conse-

quence is, that under existing legislation, the interests of the company will be best subserved by a rapid curtailment of its business in Ohio, with the view of an early winding up of its concerns.

The principal stockholders have become quite impatient under the course of the legislature and courts of Ohio, and an inclination to withdraw from a contest so unprofitable and unequal.

There is no sale for our stock, and I feel much troubled, from having induced Mr. George Hall and others to purchase some 350 shares of it.

I duly received your letter of the 26th ult., and handed it to the trustees. These gentlemen are quite surprised, or to use their own language, quite dissatisfied, that you should continue to discount paper deemed here of an inferior character. I wrote you on the 9th, respecting the acceptances of Work & Dick, and Theo. Perry & Co.

The statements of loans at this office desired by the trustees, are now in course of preparation, and I will add a full statement with our next semi-monthly report. It is just such an exhibition of the condition of the office at Cincinnati that our trustees desire. Mr. Bayard has your letter and statement, and will write you himself.

This office was never in a better condition than through all the late pressure, and at the present time. Our only apprehension was, and is, from the amount of weak and unavailable paper sent from your office.

I am, very truly,

W. W. ROCKWELL, Cashier.

May 18, 1853.

C. Stetson, Esq., *President, Cincinnati*:

Dear Sir: I enclose our semi-monthly statement of the condition of this office, remarking that all our loans are still at the rate of seven per cent. per annum.

Since the receipt of your letter of the 6th inst., the trustees and myself have advised purchasers of our stock, and a few shares have been sold at 106, and 175 at 105½. I presume that an intimation that the next dividend would be five per cent., would cause an advance to 110.

I am, very truly,

W. W. ROCKWELL, Cashier.

June 27, 1853.

JAMES W. HOLCOMB, Esq., *Chillicothe.*

Dear Sir: In relation to the standing of Mr. Ezra Ludlow, jr., of this city, I beg leave to state that we entertain the most favorable opinion of his character and capacity as a merchant, and of his prudence and sagacity; and I should not hesitate to commend him to yourself and your friends who may have occasion to employ the services of a commission merchant in New York.

I am, very respectfully,

W. W. ROCKWELL, Cashier.

July 8, 1853.

C. STETSON, Esq., *President, Cincinnati:*

Dear Sir: I have this day received your favor of the 5th inst., with a statement of the earnings of the company for the past six months, amounting to $101,945.86.

The statement forwarded on the 1st June last, exhibited the earnings

in the Banking and Trust Department as	$100,526 78
To which we added, by estimate, for June	20,000 00
And our contribution of	15,000 00
Making the earnings of six months about	$135,526 78

Will you please enable me to explain to the trustees and principal stockholders the occasion of the difference.

I am, very truly,

W. W. ROCKWELL, Cashier.

July 9, 1853.

C. STETSON, Esq., *President, Cincinnati:*

Dear Sir: I am desired by Mr Robert Bayard, trustee of this company, to advise you of the receipt of your letter to him of the 5th inst.

The trustees residing in this city, find their situation a very responsible one to the numerous stockholders of the company registered at this office, and as it would be very inconvenient for any one of them to inform himself, by personal examination, of the condition of the company, and still more for all of them to do so. They have directed me to request that there be rendered to this office annually, a statement of its affairs

in detail, exhibiting the several loans with the securities therefor, a list of the discounted paper, and an explanation of the items composing the suspended debt, with a balance sheet, in order that they may be enabled to discharge their duty intelligently, and with satisfaction to themselves; and they further request that the first of these statements be rendered at your early convenience, showing the state of the company on the 1st inst., or at the date when the statement was made for the dividend just declared. They also desire me to request that they may be kept fully advised of everything materially affecting the interests of the company.

I am, very truly,

W. W. ROCKWELL, Cashier.

September 15, 1853.

S. P. BISHOP, Esq., *Assistant Cashier*:

Dear Sir: I have received yours of the 12th, with the enclosures named, and in addition to those accumulated, and drafts on Winslow, Lanier & Co., for $30,781.01.

The intimation that you would have to increase your drafts upon us, in view of the balance of your account, alarms me, and I lose no time in advising you of the imprudence of placing the funds deposited with this office, in paper of the kind sent us. I allude particularly to the large loans upon time.

The trustees here desire me to express their decided objection to this use of funds liable to be called for without notice, and daily drawn out in large sums. They will communicate their views upon this subject by letter in a day or two.

The condition of money affairs here is such, that a company like ours should exercise great circumspection, and forego all temptations to aid railroad companies with funds subject to sight drafts.

In this expression of opinion, I but fairly convey the views and feelings of our resident trustees, who are greatly disturbed at the amounts loaned already, and still more at the prospect of increase.

I trust you will see the propriety of reducing your balance to this office, and not occasion unnecessary difficulty by drafts upon it.

Referring to the letter from the trustees, which will soon follow,

I am, very truly,

W. W. ROCKWELL, Cashier.

S. P. Bishop, Esq., *Asst. Cashier, Cincinnati:*

Dear Sir: I have to acknowledge the receipt of your favor of the 17th, with the inclosures named. Your No. 6017 is $73 43, instead of $23 21. I recur again to your drafts upon this office. Your advice was that "fourteen" were drawn on the 14th. We paid, of drafts of that date, to the amount of $38,412 95.

On the 15th, you advise that you would "hold on," but we have paid $21,736 03 of your drafts of the 16th; and from advices, it appears that you must have drawn at little if any premium.

I am sorry to perceive that you continue the unwise and unsafe practice of using funds deposited with us, and subject to sight drafts, in the discount of accommodation paper upon which no reliance can be placed of payment at maturity.

I inclose the account of Wm. Ingall for $11,000, Atwood, Dunlevy & Co., acceptance waived. The amount of paper of this character which we hold, is very large. I notice that we have of the

Lawrenceburg & Upper Miss. R. R. Co	$91,713
Cincinnati, Ham. & Dayton "	74,620
Little Miami R. R. Co	30,700
Cleveland, Painesville & Ashtabula R. R. Co	35,000
A. De Graff	20,000
Wm. Ingall	16,200
T. S. Goodman & Co	90,000
Coleman & Stetson	39,400
Theo. Perry & Co	55,000
E. M. Gregory	37,600
G. W. Burnett	24,000
Wm. Burnet	10,000
Champaign County Bank	25,000
Commercial Bank, Cincinnati	17,000
R. H. Bedell & Co	30,804
S. J. Walker, Treasurer	11,000

From the statement rendered of your condition in July, it appeared that you had nearly $3,000,000 of available means, which I hoped would avoid the necessity of any use of our deposits in local accommodations—for of that character nearly all the paper now held by us from you consists.

I have been of the opinion, that all the funds deposited with this office,

should be carefully separated from all the loans upon time, and especially of corporations at the present time.

I am also of the opinion, that it is not for the interest of the Company to discount one dollar of paper in Ohio, and thereby be subjected to a ruinous tax, which would be entirely obviated by loaning the same here upon as good security, and as high interest as you obtain.

The drafts upon us continue heavy. Our available means daily diminish, and the claims of our correspondents for aid increase. The true interests of the Company should be first consulted, and the trustees here are maturing their views upon this subject.

We shall not leave any funds in Boston or Philadelphia, and you have so little maturing in those cities, that it will not be prudent to draw.

I am, very truly,

W. W. ROCKWELL, Cashier.

September 23, 1853.

S. P. BISHOP, Esq., *Asst. Cashier, Cincinnati:*

Dear Sir: Your letter of the 20th is received, with the inclosures named.

I notice that you had received the telegraphic dispatch from Messrs. Bayard and Lord, trustees, in regard to drawing upon this office, but that you should continue to draw $20,000 per day notwithstanding. I repeat the opinion heretofore freely expressed that your policy in placing funds deposited with this office, and subject to sight drafts in paper of the kind remitted here for collection, is both imprudent and unprofitable; and I am greatly surprised that it should be continued at a time when the banks of this city are pursuing a cautious course, and admonishing every body to do the same.

My attention has been attracted to the language of your letter, that Mr. Stetson will "verbally convince you we shall not do anything with a wish to embarrass you."

I am very far from supposing that such a disposition influenced your course, and have not needed an assurance to satisfy me on that point; but I must say that your drafts in these times have that effect.

Mr. Stetson has satisfied himself that you should change your policy,

ing upon us.

We are advised from Boston to-day, of your drafts for about $11,000 charged to this office. We have no funds there, and none in Philadelphia.

I am, very truly,

W. W. ROCKWELL, Cashier.

September 26, 1853.

WM. GREEN, Esq., *Secretary, Cincinnati:*

Dear Sir: Your favor of the 22d is received, and its contents particularly noticed.

The subject commented upon by you, has been discussed with the president, Mr. Stetson, and the result conveyed by his letter and telegraph of the 23d to Mr. Bishop, the assistant cashier. The trustees have fixed a day this week for a further discussion of the relation of this office, and hence I abstain from commenting upon your letter, and its views.

On the other side, I give you a comparison of our position on the 16th Aug., 16th Sept., and this morning, from which you will perceive that our deposits have decreased, since the first named period, $1,300,000, and the balance due by the office at Cincinnati, has increased $355,000. Upon reference to our statements of the 16th of May, and 1st of June, you will find that our deposits ran down below $1,400,000, and the indications are that they will go as low or lower. Some of our correspondents that had then, and usually had liberal balances, are not leaning upon us for aid, and we deem it for the interest of the Company to give them a preference in times like the present, when they can go nowhere else. I will give the names of some of them:

June 1.	Chillicothe Branch Bank	$85,000	now	$20,000
"	Logan Branch Bank	17,000	overdrawn	600
"	Miami Valley Bank	27,000	do	5,400
"	Farmers' Bank, Covington	8,800	do	5,000
"	W. N. Hill & Co	3,000	do	13,000
"	J. J. Anderson & Co	21,000	do	5,500
"	Ross County Bank	15,000	loan of	20,000
"	Norwalk Bank	39,000	do	30,000

"	Farmers' Bank, Mansfield	7,000	do 17,000
"	Merchants' Bank, Cleveland	21,000	do 14,000
"	Fuller & Vaughan	28,000	do 15,000

Applications are still pending that we ought to grant, but dare not so long as the office draws and licks up our means.

It will be borne in mind, that in our report of loans, all these to correspondents are included, and are not subject to call.

Craving your notice of these facts, I am, very truly,

W. W. ROCKWELL, Cashier.

	Aug. 16.	Sept. 16.	Sept. 23.
Loans	$1,896,000	$1,242,000	$923,000
Office Cincinnati	285 000	502,000	640,000
Bank of Commerce	71 000	57,000	----------
Merchants' Bank	2,000	4,000	4,000
Bank of North America	100,000	----------	----------
Certificates of Deposits	89,000	89 000	89,000
Farmers' & Merchants' Bank, Phila.	82,000	17,000	overdrawn 200
New England Bank	44,000	18,000	do 2 000
New York State Bank	15,600	18 000	3 000

Loans	$923,000
Of which, to correspondents, and upon the stock of the Company, D. Johnson & Co	233,000
	$690,000
Applications for aid	90,000
	$600,000
Calls for payment this week	200,000
Will remain subject to call	$400,000

October 5, 1853.

S. P. Bishop, Esq., *Asst. Cashier, Cincinnati:*

Dear Sir: Your letter of the 1st inst., but post-marked the 3d, is received, and I notice your intention to continue your drafts upon this office, and we have paid one of $12,000 to day.

Our trustees, Messrs. Bayard and Lord, have telegraphed to you to prevent your drafts, and I repeat my conviction, that it is our duty to keep all the funds of this office subject to call. The future is very unpromising, and caution is the motto that should be ever present to bankers in these times. I am free to say that I apprehend a severe pressure in the money market, and many failures.

I am, very truly,

W. W. ROCKWELL, Cashier.

We are annoyed by overdrafts, and importuned for loans.

Extracts from the Correspondence between the Home and New York Office, while E. Ludlow was Cashier in New York.

Jan. 17, 1854. E. Ludlow returns $2.000 protested, of Rezner, Resor & Co., to John G. Breslin.

Jan. 19, 1854. E. Ludlow writes to C. Stetson: "The real intention of Mr. Edgerton, and the one which prompted his letter to us, was to force this company into a payment of the unsettled account between the State agency and ourselves; for he has once or twice, in conversation, intimated the propriety of our paying up in time, *to save Mr. Morgan the necessity of referring* to it in his annual report to the Legislature. He, *individually*, admits the fairness of our proposition; but officially, will take no responsibility."

Jan. 2, 1855. E. Ludlow, assistant cashier under Rockwell, says: "A gloomy money market. I hope the Ohio deposits may be kept good. If possible, ease up your drafts a little just at this juncture. Call loans are small. Cincinnati office overdrawn half a million of dollars over."

Feb. 3, 1855. Rockwell resigns; he had been absent several weeks previous.

Feb. 9, 1855. Ludlow, still assistant cashier, writes; "Six per cent. is the best rate obtainable upon such securities as we now require."

Feb. 10, 1854. The following is written by Ludlow to Cincinnati, and it is here inserted for a double purpose—to show the indebtedness of the house in question, and also the value then put upon bonds, &c, which alone goes a great ways to explain the crisis under which the Trust Company and others sunk:

"Gilbert, Coe & Johnson owe $81,350. We hold the following collaterals to secure this debt:

"$50,000	1st mortgage	Ohio Central R. R. Bonds,	valued at	90c	$45,000
29,000	2d "	"	"	78c	22,700
12,000	2d "	N. Y & Erie	"	par	12,000
5,000	Ohio Life Insurance and Trust Co. Stock		"	90c	4,500
5,000	Canandaigua & Niag. Falls, 2d mortgage		"	90c	4,500
3,000	Niagara Falls & Lake Ontario, 1st mortgage				1,500
					$90,200"

These securities are now worth some $30 000.

Feb. 19, 1855. E. Ludlow becomes cashier.

May 5, 1855. E. Ludlow writes to C. Stetson: "I have the pleasure to enclose herewith semi-monthly statement of this office. In forwarding this, I would respectfully call your attention to some features therein exhibited.

"We owe in Wall-street, and at the banks, for which we are subject at call on short notice, $800,000. Our total loan is about $800,000. The office at Cincinnati account will be in debit at close of business to-day, $1,150,000, entirely uncovered by any negotiable city paper, if I except about $50,000, of which one-half matures within 30 days. Dismissing the question of the comfort or personal convenience of the cashier here, the position of this office is not a *safe* one for the company. Should any sudden turn come in our money market, inducing a withdrawal of our *city deposits*, what have I to fall back upon? Not raw material enough, when converted, to supply Mr. Bishop with one day's scope. I trust you will give this letter fair consideration, as I am confident that a reasonable reflection upon the position of matters here, will satisfy you that I am not sounding a false alarm. Yours very truly,

(Signed) EDWIN LUDLOW."

May 21, 1855. E. Ludlow writes that "money is exceedingly abundant, and that home office account is down to a manageable point."

June 13, 1855. E. Ludlow says, in a postscript: "Decoppet & Co. will notice in their circular for steamer to-day, and quote Trust Company stock 100½ paid; 101 refused. 101 is this morning bid, and no stock offered."

June 18, 1855. E. Ludlow encloses the following letter from Kanawha Bank, and asks for instructions from the home office, as he cannot make the arrangement unless authorized from home board:

CINCINNATI, June 13, 1855.

E. LUDLOW, *Cashier:*

I have in possession, as cashier of the Bank of Kanawha, some 58 mortgage bonds of the Cincinnati and Hillsborough Railroad Company, Samuel B. Keys, president, which I would like to place in your possession, and have the privilege of overdrawing our account for say fifty cents on the dollar, if I need it, by paying interest on the sum until made good. I shall probably have no use for said overdraft, but wish to be ready for any emergency, as in case of redeeming our notes we sometimes can make better bargains by giving them exchange, than by redeeming with gold. I enclose a statement of said road. Keys informed me that he has the money on hand to pay the July interest.

Yours respectfully,

(Signed) W. W. CONES, Cashier.

June 22, 1855. Ludlow writes to Stetson: "I have the pleasure of enclosing herewith a memorandum of the loans made in this office since date of last report.

"The larger portion of our loans are now at 6 per cent. interest per annum, the highest rate obtainable on such securities as we require; and as we allow 5 per cent. upon current balances, the difference of credit of current account must necessarily be moderate. Is not the season approaching, when a return to the old rate of 4 per cent. can be effected, without risking a withdrawal of any of our correspondents? Most of the individual houses, and many of our banks, have and do allow 5 per cent. on balances, but an effort will be made this fall for a reduction."

June 23, 1855. "Money is very abundant. It is offered to us on all sides, and almost our own terms, in the street, which fact, coupled with

the late rise in our stock, places us in a very comfortable and independent position.

"P. S. I keep our balances on banks pretty low, preferring to be a lender of money to whoever calls with proper securities. Large balances are of no object now to our city banks."

October 11, 1855. Ludlow to Stetson: "I have to advise a continued stringency of the money market. Seldom, within the experience of Wall-street, has so sudden a turn been witnessed, affecting as it does every class of the community. The English bankers, who, during the past year, were large lenders, have become borrowers; and in view of the unfavorable financial news from abroad, capitalists are keeping very strong. I should be glad if you could ease up for a few days, until matters shall have assumed such positions here as will enable me to make calculations for the future Our Western balances are coming down, with calls for coin."

November 1, 1855. Ludlow to Stetson: "The money market to-day has shown more stringency than has been exhibited any time this year. It would seem as if all the usual fountains had suddenly dried up. More difficulty has been experienced in making bank accounts good this afternoon, than at any time since the summer of 1854. Lenders have become borrowers, and the bankers are equally poor with the brokers. I should be glad if you would bear as lightly as possible upon me for a few days, until this squall shall in a measure have passed over. Our payments to-day, in response to drafts, including yours, are over $500,000. The entire West is drawing very heavy upon me."

Nov. 3, 1855. Ludlow to Stetson: "The panic has broken out to-day with renewed violence. A feeling like that of to-day has not been experienced in Wall street in many years. *There is no money to be had.* Our payments again are enormous—$500,000. Our resources are being rapidly exhausted, and until reason and common sense take possession again of Wall street, it will be very necessary for us to keep within the limits of our own immediate means. The panic is probably a senseless one, but I have never in my experience in this office seen one that has so entirely taken possession of every class of the community. Fear for the present, and distrust for the future, is the tenor of all conversation."

Nov. 8, 1855. Mr. Ludlow, in a letter to Mr. Stetson, speaks of the chance of using his "bills receivable," as "a poor one, as banks are

curtailing;" showing re-discounting in New York to be the practice.

Nov. 15, 1855. Ludlow to Stetson: Promises to remove the frequent complaints about errors.

Nov. 17, 1855. Ludlow to Stetson: "The money market still continues stringent, and my facilities with banks and bankers are entirely cut off for the present. Your drafts are pressing heavily upon me, and the inconvenience is increased by the fact, that for the past three days I have paid $40,000 each day ahead of the advice. After the first week of next month our position will improve; but until then it is necessary to hold up. Our deposits are not over $1,200,000. You owe us to-day $950,000; a position which, in view of the state of affairs in this city, is certainly an inconvenient one, to use the mildest phrase. These excessive drafts from all quarters, (our payments to-day reaching $575,000) are using up rapidly all of my available means."

Nov. 30, 1855. Mr. Ludlow again explains about complaints made by many parties of errors in books, and complains that the New York office has not sufficient force.

Dec. 3, 1855. Ludlow informs home office that he has paid $37,000 on permanent loan, and says, "that the home office now owes the New York office $1,050,000;" a large item in view of the distressing position of affairs in Wall street.

Dec. 4, 1855. Ludlow excuses the New York office for errors in books, and promises a change. At this time, Mr. Lyle was sent from home office to New York to help straighten things up. Ackerman, the New York book-keeper, does not like Lyle. Ludlow don't want "things to be turned topsy turvy," and says: "With this little discordance, the mortification of complaints about books, and the financiering for Mr. Bishop, I am bothered enough."

Dec. 13, 1855. Ludlow to Stetson: "I learn this morning, from a very reliable source, that the present treasurer will find it very difficult to place with the agent here, in time for disbursement, the amount due on the 1st inst.

Dec. 31, 1855. Ludlow closes the year with complaints of a hard money market.

Jan. 3, 1856. "We landed safely over the first, notwithstanding the *very* heavy calls upon us. The banks are still on the "sick list." If the course of our money market could be based at all upon reason and

common sense, we might look for a letting up in the coming fortnight, but expectations have of late been so frequently disappointed, that an opinion is of no value. The course which the exchange market is taking, precludes the possibility of sending specie. That ought to occasion accumulation here, but it does not. As soon as one leak is stopped, another shows itself."

Jan. 7, 1856—marked "confidential"—Ludlow to Stetson: "Enclosed is a copy of a letter received from the *Western Reserve Bank*, and it is one of some three or four of the same tenor from other parties. I deem it my duty promptly to communicate the substance of them to you for action, (if any should be deemed necessary) by yourself and the board. I am afraid that the statement referred to, has been used as a handle against us in the Board of Control, by parties in this city soliciting the accounts. You will recollect that Mr. Parker Handy, of Cleveland, is now the cashier of the Ocean Bank in this city, and through some such channel has the attention of some of the branches been called to the matter in question."

The letter enclosed is as follows: "The published statement showing the condition of your bank on the first Monday of November last, does not look very well, being too much extended. Your notes and bills discounted are large, considering the amount you owe to depositors. Perhaps you can explain the statement, so as to make it satisfactory to us."

Jan. 9, 1856. Ludlow to Stetson: "We beg to commend to the board a reconsideration of the proposition of Mr. Gilbert, for the following reasons, which we are satisfied will commend themselves to your good judgment: 1. The indebtedness of $45,000 against Messrs. Gilbert & Johnson, is secured by $50,000 of Central Ohio Railroad Company bonds, which, from unforseen causes, have very much deteriorated in value, with not much prospect of realizing from that source the full payment for a period of two or three years. 2. The operation is one of safety, carrying with it very little risk in our opinion—will pay to the company a fair commission, besides relieving them of a large indebtedness. 3. It places in the hands of the company, before any advances are made, about $120,000; and can be so managed, if thought advisable, that the company shall be without any advances. We wish to recommend this to you with some earnestness, being satisfied that it is for the interest of the company.

We are also of opinion, that it would open facilities which the experience of the past shows could be of great benefit; and will, instead of embarrassing the action of the home office, with regard to checking on New York, tend to afford us relief by employing our facilities.

Mr. Gilbert wishes to sail on the 19th inst., and we have requested him to abstain from making other arrangements until we hear from you.

Yours, very truly,

EDWIN LUDLOW, Cashier.

Having read the foregoing, we beg leave to add that it meets our approbation; and we earnestly recommend the reconsideration. It is important, if reconsidered and assented, that you send a dispatch at once.

CHARLES J. STEDMAN,
GEORGE S. COE.

THE AMERICAN EXCHANGE BANK,
New York, January 11, 1856.

My Dear Sir: Mr. Gilbert has asked you to renew his application for the facilities required to carry through his negotiation with Cleveland and Pittsburgh Railroad Company; and as you will have observed, Mr. Stedman and myself has concurred in Mr. Ludlow's recommendation. I can add nothing to what has been previously said on the subject. Of course, I should be gratified to have it done; and under the circumstances, cannot see how it can be otherwise than entirely safe and legitimate as well as profitable. The commission, the security having a ready market value at our board, and the probable small cash advance, seem to take away all ordinary objections to a Railroad loan.

GEO. S. COE.

C. STETSON, Esq.

Jan 11, 1856. Mr. Ludlow sends semi-monthly statement, and says: "No loans are or will be made, until means accumulate, and only to correspondents in small amounts."

Jan. 12, 1856. Mr. Ludlow blames provision dealers for the stringency of the money market, as they hold so largely, and absorb all means.

Jan 15, 1856—Ludlow to Stetson: "All accounts are in and starting right—will now keep right."

Jan. 13, 1856. Ludlow advises home office of a borrowing arrangement with the Manhattan Bank—a bank outside of Western dealings—wants power of attorney to sign papers for J. L. Carr, book keeper, because that institution is more particular; and the power must be backed by resolution of the board.

A power is sent, but not returned, because it includes power to accept bills.

Jan. 26, 1856—Ludlow writes to Stetson: "We all here have confidence in the future of the company; and when I shall be able to say, that we have actually secured relief from the Legislature, a great improvement will, I think, take place in the market value of the stock."

Feb. 8, 1856—Ludlow writes to Stetson: "Our mutual friend, Mr. Perkins, has desired me to second an application of his (on behalf of the Illinois Central Railroad) to the Trust Company, for a discount of a certain amount of their paper. Should such a transaction come within the custom or rule of the Board, I know of nothing of its kind that would be safer or more profitable. They will stand a good shave, and have, I am assured, assets to represent every dollar of floating debt. I suppose that local applications absorb all your ability, and therefore I hesitate about seconding the above. However, it is for you to judge, whether the policy or profit would justify stepping aside from the regular channel of business."

March 6, 1856. Ludlow sends statement of the expenditures of the office—it costs for rent and officers about $15,000 per annum.

March 12, 1856. Ludlow suggests the appointment of Mr. Coe as Register of Trust Company stock; a suggestion that completely blinded the home Board about Ludlow.

March 19, 1856—Ludlow writes to Stetson: "I have succeeded in cleaning out of our loan account a great deal of lifeless stuff. I don't want any more back there. Such loans as those referred to are good per se, but they won't pay your drafts at quarter before 3 o'clock."

March 22, 1856. Ludlow to Stetson; expresses great anxiety to know whether complaints of errors in books are again made, and says: "So far as I know, accounts now work right. Trust Company stock would sell above par, if it were not that it is believed in New York that the home office does produce paper and runs risks."

March 28, 1856. Ludlow writes hometruths to Stetson: "Money is still active, though easy with the brokers, who borrow of each other from day to day, or rather from hour to hour, on fancy stocks.

April 5, 1856. Ludlow to Stetson; thinks Cincinnati six per cents. easier disposed of than Hamilton county seven per cents.

April 14, 1856. Ludlow expresses great anxiety to secure for the New York office the "Ohio Agency."

April 16, 1856. Both Ludlow and Coe sound the alarm. N. B.—See Report of New York Trustees about this time.

April 18, 1856. Ludlow suggests private alphabet cypher for telegraphs between the two offices.

April 19, 1856. Ludlow to Stetson, marked "confidential:" "In vindication of your judgment, and that of parties here, in urging upon the board of the home office the acceptance of Mr. Gilbert's proposition, by which we should place at his disposal a credit of $250,000 to carry out his contract with the Cleveland and Pittsburgh Railroad Company, I beg leave confidentially to advise you, that I have made such arrangements with Mr. Rockwell, the president of the company, that the whole transaction shall be completed as a cash one, and we shall be relieved of any onus whatever, at the same time accomplishing the object in view: the payment of the indebtedness of Gilbert and Johnson in this office. It is desirable, for many reasons, that this information be confided to those now in possession of it—Messrs. Stedman, Coe, Rockwell, yourself, and myself—Mr. Rockwell first obtaining from his board the full authority, personally and alone, to make the arrangement; he to decide whether the position of the company would not be better without a floating debt, or whether all payments accruing under the contract should not at once be met by a sale of a portion of the remaining assets. He has decided on the latter course.

"Rumor after rumor reaches us here respecting the agency question, the most frequent and generally believed one being, that we shall be selected. We have had some strong competition at Columbus, aside from Mr. Corwine, Messrs. Atwood & Co.; and the Ocean Bank, I have reason to believe, in urging their claims, have not confined themselves to a vindication of their own fitness, but have deliberately depreciated ours. Mr. E. F. Drake, whom you probably know, was here a few days since, and left direct for Columbus. He had a conversation with me unofficially,

and let me into some of the secrets of the 'prison house.' From what he says, he could probably be of service in securing the matter this company, if an outside influence of that kind is desirable."

April 29, 1856. Ludlow to Stetson: "We have concluded the arrangement with the fund commissioners. They appoint S. T. Bull, transfer agent, this company the depository, and George S. Coe, the register. The commissioners claimed, that under the law they could not appoint any institution or individual to hold combined the two offices of depository and transfer; hence the above compromise. I trust this will be as satisfactory to yourself and the home office, as it is to all parties here. I forgot to add, that contingent on the appointment of Mr. Bull is the agreement that the books and desk shall be in our office."

May 1, 1856. Ludlow to Stetson: "There has been some little by-play here to-day upon the part of R. M. Corwine, in connection with Mr. Baker, of the board of commissioners. He persuaded them to hold off to-day, until he could have a chance at me for some bargains, but as I am convinced that his influence is gone, and the matter of the agency a foregone conclusion, (in fact published this morning at their suggestion), I have of course to ease him off until they leave this afternoon."

☞ The private telegraph alphabet is arranged at this time.

May 2, 1856. Ludlow to Stetson: "The arrangement entered into by this Company with the Ohio fund commissioners, contemplates our being security for the transfer agent, Mr. S. T. Bull. The trustees here deemed it inexpedient that the prevailing good feeling should be jeopardized by a refusal to accede to any reasonable request; and as the appointment of Mr. George S. Coe, as register of the State stocks, together with the reselection of this office as the depository of the funds, the check is so entire and complete, that no risk is involved, even had we not the further safeguard of the well known and tried integrity of Mr. Bull.

"The question of interest is left open for future arrangement with you. Their ideas are not extravagant—3 or 4 per cent. per annum."

May 10, 1856. Ludlow to Stetson: "At my request, the trustees of this company resident here, have made a personal examination into the present condition of the agency here; and the result is in the form of a report, signed by the gentlemen, which will go forward in the same mail as this. I cannot too urgently ask of you, and of the trustees at home,

a careful consideration of the facts as therein set forth, and I am confident that you will come to the same conclusion with us, that the load which I am now carrying for you, is beyond precedent in this office; and the position in which I am necessarily placed by it, is inconsistent with safety and credit. It would seem indispensable, that this company have some resource to meet such contingencies as these, and in the absence of actual active capital, why should we not resort to a credit on London?"

OFFICE OF THE OHIO LIFE INS. & TRUST CO.,
NEW YORK, May 1, 1856. Ev'g.

CHARLES STETSON, ESQ., *President, Cincinnati:*

Dear Sir: At the request of E. Ludlow, Esq., cashier, we have examined the condition of the affairs of this office as presented to us in the annexed exhibit—first by a personal inspection of the collateral securities, called for by the statement as detailed herein.

The condition of the office may be briefly summed up as follows;

1.	Liabilities for deposits, C. & P.	$1,375,422 33	
		101,331 88	
			$1,274,090 45
2.	do for loans here on demand		1,132,355 03
	Total		$2,406,445 48

Which we find represented by the following assets, viz.:

1.	Due from Cincinnati office		$1,155,249 21
2.	Debit balances in account, consisting of amounts due from other banks, for collections made, and advances to correspondents, and overdrafts, C. & P.	$559,978 33	
		101,331 88	
			458,646 45
3.	Loans on demand	687,282 02	
	Including amount shown to have been called in on the day before examination	82,422 67	
			769,704 69

4. Cash in four banks	$6,781 52	
	638 02	
	2,798 05	
	12,627 54	
		22,845 13
		$2,406,445 48

In reviewing this statement, we would remark, that the liabilities speak for themselves. They are all subject to instant demand, and admit of no hesitation or delay. If that portion called "deposits" may be to a limited extent considered *permanent*, the loans on demand are *certain* to be called for when least convenient to respond. The amount thus borrowed is greater than has ever before come to our knowledge in the history of the company, and is about equal to the total of the deposit account of this office. It shows a degree of expansion and fictitious business, which, to our minds, presents cause for serious apprehension, aside from the labor and anxiety requisite to keep it alive for all practical purposes; therefore we may consider the liabilities of this office, on any one day, *without* notice, to be not less than one and a half millions, as it now stands.

To meet such a contingency, what are the *certain* and *immediate* resources?

1. *Amount due from your office.*—This, however safe, and ultimately reliable it may be, has no instantaneous value whatever; nor can the paper, which, in part, represents it, be made available for such purpose. 1st. Because negotiations of magnitude cannot be made in New York, without loss of a day or more of time; and secondly, because the class of paper which your office negotiates, is not that which, by the Wall-street standard, is attractive to bankers and dealers.

That which is strictly drawn against shipments of produce, is, from the relative standing of its drawers, at best, second and third rate here; and that which is made for mere purposes of exchange, (of which by far the larger part of your remittances is composed,) is absolutely worthless for any useful purpose.

The gentlemen of your board, allow us respectfully to state, are inclined to over-estimate the facilities for raising money in this city on

an emergency, and have not duly considered the necessity of maintaining a high credit for the company, by avoiding the appearance of frequent poverty.

They seem, also, not sufficiently sensible of the different standard by which paper is estimated here, and in Cincinnati; nor of the effect upon the credit and estimation of the company, by our banks and bankers, when its signature is chiefly identified with unknown, or second and third class names.

2. *Debit balances*—These are evidently no resource for a short cash account; and on this statement, we think they are larger than should exist; and we have enjoined upon Mr. Ludlow to take instant measures to collect and reduce them.

3. *Loans on demand*—These, with cash on hand, constitute the only instant means of relief; and in our opinion, the amount of such loans of the *most reliable character*, made to *parties here*, and on *securities* instantly *available*, should never be less than one-half the amount of liabilities of the office.

Of those now outstanding		$687,182 02
There are now due from banks and correspondents of the office, on their bills receivable, and really bills discounted, for accommodation of depositors	$150,256 10	
From N. L Wilson, and Marietta and Cin. R. R. Co.	65,000 00	
From others, not *instantly* available, say	125,000 00	340,256 10
Leaving only		$346,925 92

Against the $1,500,000, which, as stated above, may finally be called the momentary liabilities of this office, and that without any effort on our part to unfavorably present its position, we have impressed upon Mr. Ludlow the necessity of requiring payment of every outstanding *loan* as rapidly as possible, and of converting those which are of older dates into new loans to other parties as soon as practicable.

And we here beg to call your special attention to the loan to N. L. Wilson of $65,000; and desire to place upon record our opinion, that the security is not beyond contingency, and we therefore recommend that a partial payment be immediately required by you to render it safe, and that it be thereafter called in at the earliest moment practicable.

We now beg to call your attention to the character of the parties to whom Mr Ludlow is daily compelled to resort for assistance, by loans on demand, as shown by the statement; and desire, in the most emphat-

ic terms, to impress upon your board the danger which would result from the least whisper of calumny, or suspicion as to the stability of the company.

We are not unfrequently called upon to silence such reports among capitalists proverbially timid and credulous of dangers whispered; and you may well conceive how difficult a task is constantly imposed upon us, and upon Mr. Ludlow, in this respect, when his daily pressure and distress for money to meet your drafts, and his hourly exposure of poverty, prevents that high and manly independence which is the only refutation of slander that a moneyed institution can make effectual.

So much are we now annoyed by our position, and so manifestly dangerous do we consider it, that we have unanimously determined to present this statement to your board as our final appeal, and to determine our further connection with the company by the manner in which it is practically considered by you.

In our judgment, there is no justification for the manner in which your office throws its heavy burthen upon this. No sensible stockholder would desire it, nor would you be willing to have the daily recurring facts before us, disclosed to a general meeting of parties interested. What possible inducement, therefore, can there be to pursue other than a safe and prudent, and at the same time, a comfortable course.

We take pleasure in bearing our testimony to the vigor and success with which Mr. Ludlow has borne his arduous duties. Were he disabled by sickness from attendance at the office, we would, neither of us, be willing, even if we were able, to bear his burthen for a day. This fact alone ought to be sufficient to impel a more judicious policy in your business with this office.

We conclude, by expressing the opinion that the indebtedness of your office, by the New York office, should never, under any circumstance, exceed *one-half* of the regular and legitimate deposits of this office, by which rule your debit balance here would now be about $600,000; and to this sum we recommend that it be *immediately* reduced and limited; and we trust that such an arrangement of books will be made and kept in view by the officers of your bank, as will prevent any further excesses.

ROBERT BAYARD,
CHAS. J. STEDMAN,
GEO. S. COE,
Trustees in New York.

P. S. It would afford us great pleasure to receive similar detailed statement of the affairs of your office, at your earliest convenience, with your views of the practicability of carrying out the views expressed in the foregoing letter.

Asking you to present this report to the special attention of the board.

Statement of the condition of the New York office of the Ohio Life Insurance and Trust Company, May 1, 1856.

DR.

Bank of Commerce	$6,781 52
Merchants' Bank	638 02
American Exchange Bank	2,798 05
Manhattan Company	12,627 54
Office	1,155,249 21
Loans	769,704 69
Interest account	14,565 66
Exchange account	523 06
Expense account	7,128 78
Profit and loss	9,022 13
Bank of Commerce	3,680 00
Bank of Attica	4,568 39
Bank of Circleville	921 72
Barnet, Hoare & Co	1,587 46
Cleveland and Pittsburgh bond account	118,381 81
Central Bank, Indiana	4,370 51
Clinton Bank, Columbus	73 64
Clinton Bank	97 03
City Bank, Columbus	2,125 07
Commercial Bank, Cincinnati	200 00
Commercial Bank, Cleveland	2,276 65
Dayton Bank	1,761 46
Deferred interest	2,741 77
Exchange Bank, Columbus	9,516 97
Farmers' and Mechanics' Bank, Philadelphia	20,767 47
Farmers' and Mechanics' Bank, Hartford	21,094 69
Fuller & Cochrane	6,204 93
Farmers' Bank, Covington	712 35
Greenville & M. R. R	1,974 06

Gregory, J. & Co	$300 20
Gardner, Jno	2,869 68
Harrison Branch	12,752 88
Interest on State stock	1,398 00
Knox County Bank	509 82
Merchants' & Mechanics' Bank, Wheeling	35,877 12
Miami County Bank	328 24
Mahoning County Bank	3,056 59
Marietta & Cincinnati R. R	2,104 61
Michigan Insurance Company	455 23
Michigan State Bank	5,013 83
New York State Bank	44,640 77
New England Bank	38,767 46
Newark Banking and Insurance Company	3,688 66
North Western Bank, Virginia	3,182 59
Norwich Bank	5,026 00
Point Pleasant Bank	4,141 41
Powell Bank, Newburgh	5,252 47
Portsmouth Bank	21,094 24
Springfield Bank	12,096 67
Webster Bank, Boston	26,865 44
Western Bank, Philadelphia	14,457 66
White's Bank, Buffalo	1,163 49
Individual accounts	80,639 66
Total	$2,507,777 36

Cr.

Office checks	$126,754 60
Athens Branch	12,660 45
Akron Branch R. R	1,935 99
Bank of Geauga	23,120 22
Bank of Marietta	20,913 81
Belmont Branch	39,967 23
Bank of Portsmouth	18,147 98
Board of Control	39,721 04
Bank of Marysville	3,103 04
Chillicothe Branch	13,504 41
Champaign County Bank	14,928 61
City Bank, Toledo	10,685 11

Cleveland & Pittsburgh R. R	$92,031 88
Cincinnati, Hamilton & Dayton R. R	1,900 50
Cleveland and Pittsburgh stock account	9,300 00
Delaware County Branch	24,239 61
Dayton Branch	12,504 77
Dayton & Western R. R	640 32
Exchange Bank, Circleville	18,916 35
Exchange Bank, Greencastle	1,716 33
Franklin Branch, Columbus	54,950 03
Farmers' Branch, Salem	26,601 43
Farmers' Branch, Ripley	12,005 48
Farmers' Deposite, Pittsburgh	27,911 50
Farmers' Bank, Urbana	1,809 85
Farmers' Bank, Mansfield	3,530 09
Fairfield County	1,224 38
Guernsey Branch	22,298 35
Hocking Valley Branch	11,814 47
Indianapolis Branch	1,631 96
Jefferson Branch	11,038 44
Iron Bank, Ironton	12,692 34
Ind. & Cincinnati R. R	15,592 69
Interest on bonds	1,092 77
Logan Branch	20,016 95
Little Miami R. R	1,863 21
Mad River Valley Bank	4,309 55
Muskingum Branch	32,654 90
Mount Pleasant Branch	34,999 01
Merchants' Bank, Cleveland	33,478 79
Mad River and Lake Erie R. R	4,624 90
Norwalk Bank	18,067 82
Piqua Branch	4,846 27
Pickaway County Bank	14,463 64
Preble County Bank	40,417 14
Parkersburg Branch	13,952 05
Pickaway County	1,405 48
Peninsular Bank	2,703 29
Ross County Bank	13,131 79
Summit County Bank	12,289 43
Savings Bank, Detroit	14,100 39

Vincennes Branch		$1,843 71
Windham Bank		14,855 66
Western Reserve Bank		20,286 39
Wayne County Branch		13,463 24
Wellsburg Branch		2,551 29
Xenia Branch		36,622 46
General Dividend		3,191 00
Dividend No. 35		1,716 00
Money borrowed by this office :		
Manhattan Company	$100,000 00	
Brown Bros. & Co	550,000 00	
Beebee & Co	50,000 00	
Dennistown, Wood & Co	195,000 00	
Wm. Hoge & Co	56,750 00	
Jas. Lee & Co	180,605 03	
		1,132,355 03
		$2,185,095 42
Individual accounts		322,681 94
		$2,507,777 36

Individual Accounts, May 1, 1856.

Dr.

Thomas Andrews	$666 68
George Andrews	1,000 00
J. W. Andrews, Exr	1,300 00
S. J. Beals	484 30
J. C. Butler & Co	1,626 90
F. Bloodgood	1,250 00
N. R. Cobb & Co	1,276 41
Carlisle & Stedman	284 99
Cincinnati Gas Light and Coke Co	27 34
Carpenter & V	2,573 37
F. Cutting	4,757 70
Fisher, Denny & Co	3,383 84
J. P. G. Foster	838 80
J. R. Hazard	3,420 00
J. Harrison	455 00

Holcomb & Co	$5,000 00
W. A. Hill & Co	677 51
Wm. Heigler	1,056 03
A. Edwards	5,200 00
J. Kneass	105 00
Geo. H. Kelsey	2,836 28
E. Ludlow, Jr	75
E. S. Munroe & Co	2,298 82
F. F. Marbury	1,853 72
Newcastle & Richmond R. R	36 50
Wm. Neil	8,165 86
S. W. Ogstone	4,059 72
Portland Township	88 24
S. C. Parkhurst	5 28
C. W. Rockwell	8,099 00
Riggs & Co	500 00
Sundry acc't	7,338 70
Straight D. & Co	371 25
Strachan & Scott	751 53
Sanford & Co., Buffalo	319 09
F. Tuttle	762 63
J. M. Thorne	658 11
L. S. Thomas	200 00
T. W. Tallmadge	972 50
Tomb, Huss & Co	1,487 69
Ursdon, Russell & Co	320 36
Springfield & Columbus R. R	87 68
C. Stetson	2,828 68
G. Swan	100 35
C. J. Stedman	68 05
R. C. Stone	1,050 00
Van Vleckhead & D	1,000 00
	$80,639 66

Cr.

James S. Armstrong	$134 40
J. J. Anderson & Co	12,868 69
Adams, Carlins & Co	2,925 01

W. A. Butler & Co	$3,320 09
Butler, Meeks & Co	22,433 39
R. Bayard	4,501 82
Wm. K. Bond	139 07
Barbee, Brown & Co	65 88
D. Beckel	677 20
S. Brady	4,696 16
C. Conahan	486 46
City of Portsmouth	150 77
J. S. Carr	14 56
City of Toledo	1,118 51
County of Mercer	156 12
City of Wheeling	182 07
Cincinnati, Peru & Chicago R. R	668 00
C. Collins	4,802 91
L. Case	200 00
Jas. H. Cauldwell	22,058 59
Central Ohio R. R	133 22
Columbus, Piqua & Indiana R. R	70 00
Chartiers Valley R. R	45 45
Columbus & Xenia R. R	24 67
Dennistown, Wood & Co	
Dugan, Means, Hall & Co	1,149 06
E. Dexter	59,064 29
J. L. Dumont	10 00
W. B. Dinsmore, Tr	15,000 00
Ewing, Carlins & Co	2,000 33
E. B. Fuller	16,605 32
E. Franklin & Son	2,889 04
R. Fletcher	1 11
Wm. J. Gordon	30 67
Guernsey County	87 50
D. Gould & Co	443 84
W. W. Gilbert	100 00
Harshman & Winters	1,596 59
Hertzler, H. & Co	12,472 24
S. Henshaw & Sons	352 61
G. A. Hall	200 39
C. C. Hilyard, Ass'e	895 92

R. L. Fabian	$188 12
Iron Rail Road	78 75
Jackson County	34 99
H. A Johnson & Co	24,911 38
Latimer C & L	725 04
Wm. J. Lowry	96 90
Loomis & Campbell	38 17
W. H Ludlow	1,073 39
N. Longworth	254 34
Licking County	93 00
W. W. Murphy & Co	4,341 06
Miller, Donaldson & Co	3,447 65
Martin & Co	514 84
E Mills & Co	66
McCullough & Co	5,000 00
J. M. Marshall	1,000 00
N. G. Nettleton	873 75
Ocean Bank	95
Outhwaite & B	1,000 00
B. Parker & Co	19 98
Palmer, H. & Co	50 51
Phillips & L	575 02
G. M. Pares	2,598 20
Pappenheimer & D	05
Robinson, King & Co	1,533 63
E. Roberts, Trustee	21 00
Sundry acc't	9,090 57
Steubenville & Ind. R. R	492 78
M. Sanford & Co	1,741 72
Spears, Case & Co	3,074 60
D. D. Spencer & Co	1,600 39
Smith, Winchester & Co	11,120 83
Scioto County	175 88
C Thompson	1,261 01
Town of Newark	35 00
Town of Elyria	18 07
Springfield & Columbus R. R	105 00
J. L Smith	13,658 00
E. N. Sill	15 75

G. & J. H. Shoenberger	$3,707 25
A. Van Horne	1,493 75
B. R. Vaughan	16 68
H. Vallette	116 50
Geo. Williams	4,997 91
West Columbia M. & M. Co	860 94
Washington Township	43 23
Water Works, Detroit	580 79
N. L. Wilson	8,256 11
G. Woolverton	4,700 00
V. Worthington	1,220 75
J. Woodbridge	77 50
J. Whitney & Co	749 48
Ward & Co	280 00
J. S. Wright	20 44
C. H. Williams	1,082 13
Wann & McBirney	403 83
Young & Waite, Rec'rs	45 54
Young & Pomeroy	376 18
Brokers' Certificates	8,000 00
	$322,681 94

Statement of Loans made by the New York Office of the Ohio Life Insurance and Trust Company, May 1, 1856.

Date.	To whom.	Collaterals.	Amount.
1848.			
July 1	J. S. Atwood ----	100 shares Chillicothe Branch Bank---	$10,000 00
1853.			
July 1	Richard Ackerman	150 shares Madison & Ind. R. R. st'k 20 " Cleve. & Pitts. "	3,000 00
Jan. 15	Fulton Cutting----	5 M Greenville and Miami R. R. bonds-	4,000 00
1854			
Jan. 1	Geo. W. McLean--	8 M Cleveland and Pitts. "	6,579 50
1853.			
Mar. 15	E. Ludlow, Jr.----	3 M " " " 1 M Greenville and Miami "	3,000 00
Mar. 15	Wm. S. Nichols---	5 M Greenv. & Miami R.R., 1st mort. 12 M " " 2d " 60 shares " " stock 22 " Ohio Trust Co. " 2 " Can'daigua & Corn'g RR stk 6 " Can. and Niag. Falls "	20,892 83
Nov. 5	F. Lane---- -----	3 M Gr'nville & Miami R. R., 1st mort.	
Sept. 1	Alfred Kelly. ----	98 " Col. & Xenia " stock-	4,450 30
1852.			
Aug. 6	J. L. Morris-----	32 " Patterson & Hudson R. R. Co	1,000 00
Oct. 15	Geo. W. McLean -	4 M Chester Valley Railroad bonds 2 M Collin's steamship "	5,520 00
Mar. 2	E. S. Munroe----	5 M Greenville & Miami R. R. bonds--	4,500 00
1853.			
June 18	Jno. Parker-----	25 shs. Cleveland & Pitts. R. R. stock-	1,075 00
20	same --- --	" " " "	1,250 00
Nov. 10	N. L. Wilson----	1,000 shs. Penn. Central "	10,000 00
"	same -----	" " "	15,000 00
1854.			
Mar. 11	L. S. Thomas----	1 M Madison & Indiana R. R. bonds 5 M Greenville & Miami "	5,000 00
April 15	same -----	2 M " " " 1 city of Wheeling bond	1,900 00
June 28	Geo. Brown-----	7 M Cleveland & Pitts. R. R. bonds---	5 600 00
"	Fulton Cutting----	3 M Greenville and M. " ---	2,000 00
July 8	same ----	6 M Col. and Lake Erie " ---	3,500 00
Sept. 25	E. S. Munroe----	1 M Cleveland & Pitts. " 2 M Catawissa Railroad, 1st mort.	2,400 00
July 8	Gilbert & Johnson.	50 M Ohio Central Railroad bonds 5 M Can & Niag. Falls " 3 M Niag. F. & Lake Onta. "	40,365 00
Oct. 5	Samuel E. Foote --	100 shs. Norwich & Wor. R. R. stock 50 " Old Trust Co.	5,000 00
Nov. 4	J. P. G. Foster- --	3 M Va. bonds---------- --------	2,800 00
1855			
Nov. 3	N. R. Cobb, & Co	7 M Col. and Piqua 3 M Junction bonds	4,000 00

STATEMENT OF LOANS—*Continued.*

Date.	To whom.	Collaterals.	Amount.
1855.			
Nov. 12	C. W. Rockwell	30 shares Trust Company stock	$2,400 00
June 11	Geo. H. Kelsey	100 shs. Cleveland & Pitts. R. R. stock	5,000 00
Feb. 15	J. B Varnum	267 " Cin., Ham. & Day. "	15,000 00
"	same	480 " " " "	25,000 00
Mar. 14	Walter Lennox	4 M " " "	3,000 00
17	J. B. Hull	4 M Marietta and Cincinnati " / 72 shares Jamaica Plank Road	5,000 00
April 14	Gilbert & Johnson	On same securities as loan of July 1	1,813 52
May 1	Prime & Co.	3 M Missouri bonds	2 535 00
29	Geo. S. Coe	50 shares Ohio Trust Company stock	4,050 00
June 4	Chas. J. Stedman	40 " Am. Ex. Bank	4,000 00
22	Jno. Ackerman	50 " Cin., Ham. & Day. R. R. st'k	3,731 25
30	Gilbert & Johnson	On same securities as July 1	2,894 33
July 2	E. R. Bebb	120 shs. Cin., Ham. & Dayton R R st k	7,500 00
17	E. S. Munroe	13 M Cleveland and Pitts. R R. bonds	10,000 00
Aug. 2	Walter Lennox	8 M Alex. and Wash. Railroad bonds, endorsed by the city of Washington	7,600 00
3	Chas. J. Stedman	58 shares Cin , Ham. & D. R. R. st'k / 3 M " " " b'ds	5,000 00
14	Fulton Cutting	70 shares Atlantic Bank / 6 M Can. & Niag. Falls R. R. bonds	7,500 00
15	Prime & Co.	20 M Cleveland & Pitts. "	10,300 00
20	E. S. Munroe & Co.	2,600 " " " / 1 M City Lafayette bond / 1 M Evansville and Ind. R. R. Co.	4,000 00
23	Neil & Dennison	Bills receivable	7,280 00
Sept. 15	Prime & Co.	On same securities as Aug. 15	3,250 00
Oct. 3	E. S. Munroe & Co.	5 M Indiana 5 per cent. bonds / 3 M Cleveland and Pitts. Railroad bonds	6,459 87
15	N. R. Cobb & Co.	2 M Missouri / 3 M Col., Piqua and Indiana R. R. / 4 M Indiana State 5 per cents.	6,400 00
15	E. S Munroe & Co.	7 M Indiana and Cin. R. R. bonds	5,660 00
20	Geo. W. McLean	30 M Cleveland and Pitts. R. R. bonds	15,000 00
20	Marietta & Cincinnati R. R. Co.	50 M Marietta & Cin. R.R. 2d mor. b'ds	25,000 00
27	Sam. J. Beals	97 shares Cleveland & Pitts. R.R st'k / Missouri bonds / Louisiana bonds / Indiana "	7,705 34
Nov. 1	R. C. Stone	5 M Covington & Lexingt'n R. R. bonds	3,000 00
Dec. 21	H. W. Ford	23 shares Cleveland & Pitts. " stocks	500 00
26	John J. Anderson & Co.	On account Sanger, Stewart & F.	9,726 39
27	N. L. Wilson	On same securities as Nov. 10, 1853	15,000 00
31	Gilbert & Johnson	Jan. int. on loans due this office	2,303 81
1856.			
Jan. 15	Jno. Gardiner, cashier	400 shares Cleveland & Toledo R. R stock—note dated Jan. 1, 1856	14,000 00

STATEMENT OF LOANS—*Continued.*

Date.	To whom.	Collaterals.	Amount.
1856.			
Jan. 22	C. D. Hurd	20 shares Relief Fire Ins. Co.	$1,000 00
1855.			
Dec. 31	Merch. & Mechan		
1856.	Bank, Wheeling.	Bills receivable	5,000 00
Feb. 6	F. W. Coolidge	24 shares Am. Express Co. stock	1,400 00
7	Mech. & Merchants' Bank, Wheeling.	Bills receivable. (S. P. Bishop on J. N. Perkins, due May 6)	4,000 00
9	W. S. Nichols	9 M Cleveland & Pitts. Railroad bonds	5,247 57
13	W. W. Murphy & Co.	Bills receivable. Account R. Mead & Co., due June 17	5,000 00
23	E. D. B. Ogden	13 shs. Patterson & Ramato R. R. stock	425 00
29	H. A. Johnson & Co	24 M Cleveland and Pitts. " bonds	13,000 00
Mar. 1	J. T. Soutter	25 " " " "	15,000 00
6	T. Bond	13 shares Rome and Watertown	700 00
8	R. C. Stone	7 M Great Western Railroad bonds	5,000 00
11	H. A. Johnson & Co	6 M Cleveland & Toledo "	3,000 00
13	F. F. Marbury	101 shares Col. and Xenia R. R. stock	3,000 00
17	B. Ford	15 shs. Mer. and Mech. Bank, Wheeling	1,300 00
24	J. J. Anderson & Co	Bills receivable	9,315 37
28	W. W. Murphy & Co.	" " acct. E. Litchfield, Tr., due May 12	2,296 00
April 1	Ross Co. Bank	Bills receivable	20,000 00
1	H. A. Johnson & Co	10 M Cleveland and Pitts. R. R bonds	6,000 00
2	D. Messinger	3 M Milwaukie and M. "	2,500 00
3	Savings B., Detroit	Note, H. Ledyard, due July 3	20,000 00
4	Merch. B., Clevel'd	Note, T. M. Kelley, due Aug. 8	5,000 00
7	J. S. Stebbins	4 M Cleveland and Pitts. R. R bonds	3,000 00
8	Harshman & Winters	Bills receivable, acct. J. H. Reed, due May 6	1,200 00
9	Norwalk Bank	Bills receivable	13,000 00
10	W. W. Murphy & Co.	Bills receivable, acct. R. Mead, due July 10	2,000 00
11	City Bank, Toledo.	Bills receivable	5,000 00
12	Geo. Brown	10 M Cleveland & Pitts. R. R. bonds 3 M City of Wheeling	10,000 00
16	J. T. Soutter	50 M Cleveland and Pitts. R. R. bonds	30 000 00
17	H. A. Johnson & Co		2,000 00
17	City Bank, Toledo.	Bills receiavble	978 34
22	G. M. Snow	150 shs. Cleveland & Pitts. R. R. st'ks $500 Harlem bonds	4,900 00
22	W W. M'rphy & Co	Bills receivable	960 00
24	Summit Co. Bank	" "	10,000 00
24	Norwalk Bank	" "	10,000 00
25	Bank of Geauga	" "	2,500 00
25	Harshm'n & Wint's	" "	2,000 00
26	James Harriman	15 shares Manhattan Co. stock	500 00
29	E. T. H. Gibson	5 M Cleveland and Pitts. R. R. bonds	3,750 00
29	V. Worthington	400 shs. Indiana and Cin. R. R. stock	8,300 90
29	Summit Co. Bank.	Bills receivable	15,000 00

STATEMENT OF LOANS—*Continued.*

Date.	To whom.	Collaterals.	Amount.
1856.			
April 29	Geo. W. McClean .	5 M Marietta & Cin. R.R. b's, 1st mrt.	
		5 M Mich. S. & N. Indiana R.R. b'ds	
		3 M Ind. and Cin. "	
		5 M Louisiana bonds	$14,062 60
30	E. S. Munroe & Co.	10 M Missouri bonds	
		$1,100 Cleveland & Pitts. R. R. b'ds	9,500 00
			$687,282 02

Loans paid on the 1st day of May, 1856.

Date.	To whom.	Amount.
Nov. 5	F. Lane	$2,700 00
June 28	G. W. McLean	2,000 00
Feb. 26	Jno. J. Anderson & Co.	5,000 00
March 6	Sam. J. Beals	1,215 53
14	P. C. Stone	2,850 00
26	Champaign Co. Bank	3,386 27
27	Springfield Bank	9,332 24
April 8	F. F. Marbury	1,756 93
10	Geo. Brown	2,262 50
17	E. S. Munroe & Co.	2,858 81
25	R. Bayard	7,829 39
26	J. T. Stagg	5,000 00
30	E. B Litchfield	15,000 00
30	E. E. Munroe & Co.	20,000 00
March 26	G. W. McLean	1,195 00
	Total amount of Loans paid May 1	$82,422 67
	" " Money loaned to May 1	687,282 02
		$769,704 69

July 1, 1856—Ludlow to Stetson: "It has been 'touch and go,' to-day, with the commissioners of the State of Ohio, in the matter of the interest money. The Treasurer arrived here this morning, and had with him only $250,000 to pay $480,000 interest. That amount he deposited with us, with a request that we should go on and pay. He has added to it about $30,000 more, making in all $300,000. Luckily for them, the payments to-day were less than that. I have notified them that they must arrange with me this afternoon, to place the balance here before 10 o'clock to-morrow morning. *Breslin* is here with Gibson, and they have with them some $200,000 of domestic bonds, one lot of which I have seen. They are bonds which have been brought out from some dark corner, as they bear a cancelled mark. The above named gentlemen are flying around to-day, much to the annoyance of the Attorney General, Kimball, who does not appear to know of what is going on, but who has expressed to me his fears, that there is something wrong somewhere. What is not the least singular part of it is, they have only asked us for some $30,000 in the shape of discount of good paper, and are evidently unwilling to let us know the extent of their wants. Their outside operations, of course, reach me, and I have heard of them at the American Exchange Bank, Bank of Commerce, John Thompson, Bank of Republic, and at Duncan, Sherman & Co. They borrowed $50,000 of J. Thompson, on $75,000 of the bonds, at a heavy shave; and he in turn took the securities into the Bank of Republic to get the same amount at 6 per cent., but they declined lending, at the same time pointing out their objections. He then got alarmed, and called upon Gibson and Breslin for a return of his check, which had been given to me; and being credited to the account of the commissioners of the sinking fund, for the payment of interest, could not be disturbed, except upon a requisition signed by two of the commissioners; and it was not convenient for Mr. Gibson to call npon Mr. Kimball to join him in that."

Sept. 13, 1856—Ludlow to Stetson: "I shall send the stock list in time, and with it proxies sufficient to control any opposition."

Dec. 9, 1856—Ludlow to Stetson: "The money reports in our newspapers are an index only of the state of the market, as existing among demand borrowers; and although easy with that class, who obtain money on stock collaterals, from hand to mouth, and from day to day, is not an evidence of the ability of the banks to satisfy such a maw as

ours, and in the way that we desire. I shall, however, next week, be able to have an amount of your bills receivable re-discounted—at least, I am promised it. We freely appreciate here your desire to take such bills."

Dec. 22, 1856. Ludlow to Stetson: "At least two-thirds of the State interest to be paid out January 1, I shall be called upon to furnish. In fact, every remittance so far received for that account, is in the shape of a draft upon the agency."

Dec. 29, 1856. Ludlow to Stetson: "I have to-day written to you officially, at the request of the trustees and some of the large stockholders, urging an increased dividend in January upon our stock. There would seem to be some reason in the argument set forth, that as by waiting, we have obtained no relief from the Ohio Legislature, we should now try what can be done by an increased reputation here. I think, myself, that the effect would be good, and there need be no difficulty in maintaining any dividend that may now be made. I am willing, for one, to bear my share of any increased exertion necessary."

Dec. 30, 1856. Urges the replacement of the money and capital paid back upon certificates of permanent 20 year's bonds, and thus get more ease in operations.

Dec. 31, 1856. E. Ludlow to Stetson: "In the matter of the profits of this office, I have a few words of explanation to make. It is a matter of annoyance to me, that we cannot show more direct profits for the labor that is done here, for we do work hard. In former years, before the present competition for business sprung up, our deposits were very large, and upon them we paid only $3\frac{1}{2}$ to 4 per cent. per annum; and with that large deposit, the labor of the office was lighter, and expenses much less than now. Every expense of the agency is now charged upon our books here. In former times, the cashier's salary and the office rent was debited to the home office. That was a difference of $6,500 to start with. The amount of time deposits, upon which we allow 5 per cent. per annum, will not average the year round over $1,500,000; and admit that we receive *upon every dollar* of that in return 7 per cent., which, of course, we do not do, you will see that it is still close shaving to bring the two ends together, or one a little ahead of the other. As regards money deposited with us here by large banking houses at a few days

notice, which sometimes are in considerable amounts; at other times, as now, little or nothing, we must of necessity regulate the rate of interest allowed thereon by the outside demand for money, and by the rate which could be got of first class individual borrowers on collaterals. This office, I think, fulfils its mission, when it gives such large facilities to you at home, and pays its own expenses. With this I shall not be content if more can be done. I don't want our end to be looked upon as a dead weight. I think, from a cursory glance at our ledger, that we shall be able to contribute something for this six months, to the dividend fund. I feel much indebted to you for your kind hints, and would be glad at all times that you should speak to me in the same frank manner."

Jan 3, 1857—Ludlow to Stetson: "We had a very heavy day in the redemption of the Ohio Loan, payment of State interest, and coupons, in addition to the regular business of the office; and as usual, when we make great preparations, we always come out ahead."

Jan. 6, 1857. Ludlow to Stetson: "I had hoped, that some considerable amount of the Ohio loan and interest would stick by way, but of $2,400,000, all come in except $100,000."

Jan. 10, 1857. Ludlow to Stetson: "The dividend declared, has had a good effect upon our stock"

Jan. 20, 1857. Ludlow to Stetson: "Your exhibit of the company's present position and future prospects, is certainly the best yet made, and gives great satisfaction to all interested here. The increased dividend, as a practical evidence of prosperity, adds to that satisfaction. In the opinion of the trustees here, the present moment would not be opportune for mouey in the matter of our bonds; but would recommend, as a matter of local relief, the proposed application to the Legislature for a circulation. That would answer a temporary purpose at least, after which we have two resources—an issue of bonds, or an increase of capital. The latter could be effected, of course, only after our stock shall have reached par. I do not see, myself, why we cannot rely upon a continued large business, yearly, with a continued improved credit of the company. If the resources cannot be supplied in one way, they can be in another.

"From the expressions of opinions of the many influential and moneyed men of the State who visit here, I should judge that the feeling against us had been divested of much of its violence, and that a general desire existed to do us justice."

Feb. 2, 1857. Ludlow to Stetson: "Our stock is appreciating in public estimation. 99 is to-day bid for it, and it is not offered under 102 and dividend—equal to 103½. With increased capital, and the right of circulation, we would soon be reinstated at our old figures—125–130."

Feb. 20, 1857. Ludlow to Stetson: Ludlow insists that the home office should telegraph, if it draws heavy, "to give an opportunity to see ahead twenty-four hours."

Feb. 23, 1857. Ludlow writes: "I do not deem the time good to sell Dayton and Hamilton Railroad Bonds."

Feb. 26, 1857. Ludlow denies that he is misleading folks as to the Tennessee judgments

Feb. 26, 1857. Ludlow apprises Stetson, that he has some $30,000 of Cincinnati, Hamilton and Dayton stock, and inquires whether it could not be sold in Cincinnati.

Feb. 27, 1857. Ludlow to Stetson: "I am advised from Columbus, that Mr. Bull's bond, as tranfer agent, qualified to by the company, has been rejected by the Senate; and I am further told, that it is a movement originating with Mr. Corwine, and other disappointed applicants for the agency and depository; and that it will probably be followed up with a direct blow at us. As the power of appointment of ourselves rests entirely with the Board of Fund Commissioners, I give myself no concern about it, as they *dare* not move without our consent; but I am desirous of protecting Mr. Bull It would be exceedingly disagreeable to have any *picked* up official of the State sitting behind the scenes, as it were, in our office here. The present incumbent is a gentleman of integrity and ability, and one whose sympathies and interests are all with us. Would it not be well to have your friend Matthews put upon the '*qui vive*,' to trace out where the movement comes from, and what is its motives."

N. B. A note at the bottom of this letter, in the handwriting of Mr. Stetson, says that Mr. Matthews was written to.

April 7, 1857. Ludlow to Stetson: Ludlow informs Stetson of Bayard's sale of 400 shares of Trust Company stock, out of 500 held by Bayard, and says, Bayard has taken offense at movement of Coe and Ludlow's in enforcing a claim against Fulton Cutting, his son in-law. "I can only add, that it is a source of congratulation with all here, and

we hope to obtain possession of the other 100 shares in the course of a day or two, which will make a vacancy in the board here.

"P. S. R. L. Lord purchased 200 shares of the lot, and proposes to take the balance if the above named gentleman desires to be rid of the responsibility."

April 15, 1857. Ludlow again writes about this stock, and says: "I was this morning advised that he had addressed a letter to you a few days since, which, in his graphic language 'would make you all *squirm*.' I suppose, like ourselves, you will survive it all."

April 18 and 20. Ludlow writes the following three letters:

OFFICE OF THE OHIO LIFE INS. AND T. CO.,
New York, April 18, 1857.

SAMUEL H. PARSONS, ESQ., *Middletown, Conn.:*

Dear Sir: I have just this moment received your letter, and have not time to enter fully into the particulars of the late shameful and outrageous attack upon us. Will do so, however, next mail. I would say, however, that it has no foundation, either in *truth* or *fact*—a base lie, started for other purposes than their connection with us. The *cash* price of the stock is firm at 97½. Sellers of the sales at 95—*seller six months*—a mode of operation employed by the Bears. I would also, our present large stockholders are the buyers.

Truly yours,

(Signed) EDWIN LUDLOW, Cashier.

Shall write more fully next mail.

OFFICE OF THE OHIO LIFE INSURANCE & TRUST CO.,
New York, April 20, 1857.

SAMUEL H. PARSONS, ESQ.:

Dear Sir: I wrote to you, to-day or Saturday, in reply to your letter, without going fully into the explanation of the attack upon us. There is a large party of "Bears" operating against the Cleveland and Toledo, and Michigan Southern stocks, who were balked and annoyed in their efforts against the credit of the former by this Company proposing to act as "Registers" of the stock, for which we secure a liberal compensation and which is in fact a portion of the business of a *Trust Company*. The Michigan Southern proposed also to place their books with us, which has more fiercely aroused the ire of these gentlemanly Bears, and they say

openly that they will drive the books out of our office, and by forcing a change, find out to the public that we would not keep them any longer, and that, therefore, something *must* be wrong in these books—a system of outrage and dishonesty that cannot be too strongly characterized.

We have no intimacy with any railroad We are the transfer agents and register for a great many, and our large stockholders and trustees here will not consent to be dragooned into a course at variance with all right and justice. They report that we loaned to the Toledo company the money to pay dividend with. This is a wholesale lie in keeping with the others. We never had a money transaction with them to the amount of one cent, and *never* have been applied to. It is not our business to make such loans. Our means are all absorbed in good paper at the West; having which, we shall declare a dividend in July, at 5 per cent. dividend for our stockholders. The Company is sounder, I honestly believe, at this moment than ever before. I hold some $20,000 of the stock, which I could easily have sold, had I been so disposed, and certainly I should not hold, unless I had faith in it. Our large stockholders here retain their interest, and are daily adding to it. The cash price is about 97c, with a very severe depression in everything. Do not confound a Bear sale at 6 months, with those of active stock. I should be glad, at all times, to give to you *any* information in my power.

Truly yours,

(Signed) EDWIN LUDLOW, Cashier.

OFFICE OF THE OHIO LIFE INSURANCE & TRUST CO.,
New York, May 18, 1857.

SAML. H. PARSONS, ESQ., *Middletown, Conn.:*

Dear Sir: As you will have noticed, the attack of the "Bears" upon our stock, has led to increased appreciation of it, and the price is 99 to 99½. We were not mistaken in our judgment of the source when it came, and the party in question has retired from the field. I am glad to add that many of our old stockholders increased their interests, and but few were frightened into a sacrifice of that property.

Yours, very respectfully,

(Signed) EDWIN LUDLOW, Cashier.

Some hollow truce was trumped up, with Mr. Bayard, who resigns, from very considerative motives prospectively, and closes his letter of resignation, by saying, that it gives him "great pleasure to learn of Mr. Keys the prosperous condition of the Company."

Note.—Decidedly cool in Mr. Bayard to learn from Mr. Keys, when he had been sitting behind the scenes for years,—having a desk in the New York office.

June 8, 1857. Ludlow to Stetson: "They (that is: the trustees and largest stockholders) all agree (without any desire of forestalling action by you) in recommending a dividend of 5 per cent., as calculated firmly to place the stock of the Company in the front rank, and forever to silence whatever of enmity or desire to injure, that may exist in any quarter. We are now enjoying an excellent credit, and it would give great satisfaction to even those of our strong friends, who are not interested in the stock, to see that evidence of our prosperity, and the discomfiture of those who had the temerity to attack us."

June 15, 1857.—Ludlow to Stetson: "The explosion in the State matter has come a little sooner than expected. We are on the right side of the ledger.

"Could we not safely offer to make up any immediate deficiency in the July interest? and so place the State under an obligation. The money could be easily managed."

OFFICE OF THE OHIO LIFE INSURANCE & TRUST CO.,

New York, June 29, 1857.

CHAS. STETSON, ESQ., *President:*

Dear Sir: This is the first leisure moment that I have had, to explain our telegraphs since they were sent.

It would seem as if all the interest money and dividends payable in this city upon the first of July, were to be furnished by this office. Accounts of State interest, and the same proportion of coupons, money is made up of drafts upon us; and where the parties drawing have not sufficient to cover, they ask for assistance. Unfortunately, as a general rule, they are our best accounts, and *entitled* to consideration. I have never known the payments of this office to "pile in" so heavily at any

one season as now. Next week, we shall, I hope, be all quiet, and in smooth water again; provided that you do all that you have promised.

Yours, truly,

EDWIN LUDLOW, Cashier.

July 3, 1857. Ludlow writes, that all large New York stockholders, such as Astor, Lord, Ward, Baron, and others, unite in favoring declaration of dividend, and that he seconds it.

July 9, 1857. Ludlow to Stetson: "99 is bid for our stock to-day, en dividend, and it will readily sell at par and over. These gentlemen, who have seen your statement, express much pleasure; in fact, I have not seen our stockholders so well pleased before, as well with this vindication of the Company's position, as with the basis upon which it is made.

"The pressure still continues upon us, and we are daily necessitated to decline calls for aid. This will probably continue three or four weeks, during which time I should be very glad to have all the assistance that you can render. It is necessary that I should have it."

July 16, 1857. Ludlow writes to Stetson: "The difficulty in money matters with us, is, that all of our correspondents are in the same position with yourself, and about as difficult to keep straight. They all promise well for the future, and I have no doubt will fulfill their promise; but in the meantime we are called upon to make up the deficiency. I see just where the trouble is. The old crop is entirely exhausted, and the new has not yet been touched, and there is no basis for exchange but credit. Being driven at the same speed, with the thermometer at 90 deg. as when it ranged at zero, you will admit is not *agreeable*."

July 20, 1857. Ludlow writes an excuse for not sending statement. "Books are up." "Will send statement in a day or two." "We came out very well in the last six months—something ahead."

July 25, 1857. Ludlow inquires, who the influential member in the Cincinnati, Hamilton and Dayton Railroad board is?

July 27, 1857. Ludlow writes to Stetson: "The 'Bears' gave us a little turn again this morning. The facts are these: I have been approached two or three times to know at what price those 95 contracts could be settled. I have disclaimed any control over them, and of course declared my inability to secure or offer a settlement, as the time approaches for the delivery. The sellers are getting nervous—the amount to be deliv-

ered is 13,000 shares, and they cannot be obtained under 115, if at that; therefore, they propose to put the foot in deeper, as they sold this morning 300 shares—seller 30—the cash stock being 103, and that bid for 100 shares. We shall remain entirely quiet—the game being thoroughly understood. I doubt the purchasers of the stock will consent to any arrangement short of an actual delivery, and as the general market is a rising one, we are in hopes that the high tide will soon get over their heads. The disposition is rather to punish the gentlemen."

Aug. 4, 1857. Ludlow to Stetson: announces a probably early visit to Cincinnati. Would have come during the great railroad celebration, but did not want to leave such a fire in the rear,—so he staid at home to see it out.

Aug. 10, 1857. Ludlow to Stetson: "Money is becoming in more active demand, and the bank statement of to-day would indicate the necessity of caution."

Aug. 12, 1857. Ludlow closes his correspondence to Stetson with this boastful language: "I think that our enemies have deserted the field, and will now count the killed and wounded. I am entirely satisfied with the result of that fight, and with the increasing strength with which it has invested us."

Aug. 24, 1857. This is followed by this telegraphic dispatch to C. Stetson: "Ludlow is sick,—remit freely, and come to-day. Answer immediately.

GEO. S. COE."

The following letter to Mr. Coe, is here inserted, as a matter of history of the trying days of August 20, 21, 22, 23 and 24:

Dear Coe: Before I go home to-night, I must express to yourself, and Mr. Booth and Martin, my deep sense of gratitude for your enormous efforts in my behalf. I cannot use words, but you must know me well enough to imagine the paralyzing self-reproach that your unparalleled and undeserving kindness has awakened within me.

Again and again, I thank you for your encouragement.

I remain, your attached friend,

EDWIN LUDLOW.

At what time will Mr. Stetson arrive to-morrow? I propose to meet him promptly at any sacrifice of feeling.

New York, Saturday, Aug. 22, 1857.

Letters from C. Stetson, President, to sundry persons.

NEW YORK, WEDNESDAY, 8th Dec., 1852.

S. FOSDICK, ESQ., *President pro tem. Ohio Life Ins. & Trust Co.:*

Dear Sir: I reached this place on Sunday evening last—on Monday morning, visited the office of the Company, where I found Messrs. Bayard and Coe. After the usual salutations, we proceeded to discuss the matter for which I came here specially to see consummated. I found that it was the opinion of both the gentlemen above named, that Mr. E. Ludlow (for some years past a clerk in the office, and known to several of the trustees at Cincinnati) should receive the appointment of cashier. I at once made known to Messrs. Bayard and Coe the conversation which took place at the board the day I left, as to the appointment of Mr. Ludlow, and that, under the circumstances, I could not justify myself in consenting to place Mr. Ludlow in the chair about to be vacated. Thus the matter stands. My position is anything but agreeable, and I now ask from the board of trustees, *positive* instructions. Shall I agree to the appointment of Mr. Ludlow, or not? *I wait your reply.*

There are two other applicants for the place: Mr. Bull, transfer clerk in the office, and a Mr. Duer (relative of J. G. King), now second teller in the Bank of Commerce here. Neither of these gentlemen will answer, it is thought. Should you instruct me to vote for Mr. Ludlow, that, of course, ends the matter, and nothing more remains to be done. Should you do otherwise, I shall then propose to Mr. Bayard, that we appoint Mr. Charles W. Rockwell, formerly of Norwich, Conn., but now residing at Washington City, where he holds a place in the Treasury Department, as "Commissioner of the Customs" (a highly responsible Bureau), under a salary of $3,000 or $3,500 per annum. Mr. Rockwell I have known intimately for twenty years past. He was bred a merchant, and one more thoroughly accomplished I have never known—a man of sterling integrity, and well balanced mind—of great readiness, firmness, industry and perseverance—in manners, conversation and person, exceedingly agreeable—about 50 or 55 years of age. He is a man well *posted* as to all matters of general interest in the country. I feel, that under his administration, with the excellent advice and counsel of Messrs. Bayard and Coe, that the various interests of the Company here would be very

safe, and that the duties of the office would be promptly and efficiently discharged.

I am unable to inform you whether Mr. Rockwell will accept the appointment or not. I have written to him on the subject, and shall probably get his answer on Friday or Saturday next.

It is proper that I should add, that I have had an interview with two of our large stockholders. They favor the appointment of Mr. Ludlow, and I learn from Mr. Bayard, that there are other large stockholders holding the same viws. These gentlemen know nothing personally of Mr. Ludlow's fitness—so they inform me.

I consider it *highly important* that Mr. Coe should be appointed a trustee of the Company. He consents to serve if elected, though he *desires* it not. I deem it a matter of *great* moment that he should be elected.

I shall expect your reply to my inquiry on the first page of this sheet, *by telegraph.* Yours, respectfully,

C. STETSON.

I would add further, in regard to Mr Rockwell, that while engaged in business some years since, he was unfortunate and failed,—occasioned mainly by the fall of stock in the Norwich and Worcester Railroad Company, and the great and general overthrow, in New England, of woolen manufactories, in which he was largely interested. This occurred about 1840. Now, it might be, that this would operate to the detriment of the Company, should he be chosen. I wish to give the *cons*, as well as *pros*.

C. STETSON.

New York, Dec. 15, 1852.

S. Fosdick, Esq., *President pro tem.:*

Dear Sir: We have fixed upon Mr. Rockwell, as the cashier of the Ohio Life Insurance and Trust Company, in this city. Have notified Mr. Rockwell, and shall wait an answer from him as to the time when he will come to this place. If he cannot come here at once, I shall, to save time, go on to Washington to have an interview with him, as I deem it a matter of importance to see him in person either at Washington, or this place—here, if possible. I have further to advise you, that it has

been deemed indisputably necessary that we should have an assistant cashier here, to sign documents in the absence of the cashier, or of his illness, or of any other cause. It has been considered necessary that Mr. Ludlow should be retained in the office, from his very intimate knowledge of the concerns of the Company the past ten years; and we have taken the responsibility upon us to create this place, and further to put Mr. Ludlow in it, with a compensation of $2,000 per annum. The expenses of the office here will be increased in the sum of $200 per annum over the present time. We now pay Mr. Coe $3,600, Mr. Ludlow $1,200, making $4,800. Under the new arrangement it will be, Mr. Rockwell $3,000, Mr. Ludlow $2,000. The friends of Mr. Ludlow are very numerous here—among them a great number of our largest and most influential stockholders. I wish you to understand that the arrangement just recited, has been a kind of compromise between us; hence, it will not answer for the board to refuse to confirm this arrangement and appointment. If it is equally agreeable to the board to consider Mr. Ludlow as an associate cashier, in lieu of assistant, it would very much gratify his feelings, as well as those of his stockholder friends above referred to.

On receipt of this, I wish you to give your assent to all the foregoing by a telegraphic dispatch, and fully in writing by the first mail leaving Cincinnati, if possible, in order that I may get everything into shape, and be on my way home as soon as possible.

There is another reason why I should remain here, and that is, the State have empowered Mr. Edgerton to take charge of the books and papers relating to the agency of the State of Ohio. He has not yet made his appearance, though looked for daily. I think it not improbable that we may see quite a "*skrimmage*," as the probability is that Mr. Breslin, the conservative Treasurer of State, will be on hand at the same time.

Your valued favor of the 11th is at hand. I have no time to add by this mail.

Respectfully,

C. STETSON.

Mr. Lord has just been in, and I have the letters to him. He approves of them highly.

C. S.

NEW YORK, Dec. 22, 1852.

S. FOSDICK, ESQ., *President pro tem., Cincinnati:*

Dear Sir: I have received your two favors. Due note is taken o their contents I have also received your two telegraphs of the 20th and 21st—the former stating that Mr. Ludlow was appointed *assistant* cashier; and the latter the wish of the board that I should remain here til after the 1st prox. I will not leave to the injury of the Company, I assure you.

The agent appointed by the fund commissioners to be the transfer agent of the State of Ohio, Mr. A. P. Edgerton, has appeared and presented his credentials; which, after due deliberation, *we* pronounced insufficient, as they bore the signature or name of Mr. Morgan, Auditor, alone, when they should have had added thereto, the names of Mr. Trevitt, Secretary of State, and Mr. Attorney General Pugh,—as these *three* gentlemen constitute the board of fund commissioners; and the appointment, to be valid, must be made by them. We insisted upon all their names to the document. Mr. Edgerton has, in consequence, sent back the document to Columbus for correction. In the meantime, Mr. Bull, the old clerk in the office, has been engaged by Mr. Edgerton, to go with him at a salary of $2,000 per annum; and he (Mr. Bull) is getting the books and papers ready for the 1st of January. When the corrected document appears in proper shape, the books and papers will be delivered to Mr. Edgerton, who has taken an office in Beaver street, near Wall. The rent will be about $600 per year,—add to this contingencies of $400, and the salary of Mr. Edgerton, say $3,000 per annum, and you have a grand total of $6,000 for the State of Ohio to pay as above stated, for the same service as now performed by the Trust Company for $2,000. Verily, this is a new species of economy. The end is not yet. Mr. Edgerton I am very much pleased with, and as he is a friend of Breslin (rather than the other party opposed to him), I think there is no doubt Breslin will pay over the funds to Edgerton. Breslin has been informed of the exact (state) of matters here, as they now exist.

One more item, and I will finish. Although it is not a postscript, it is the best part of the letter. Mr. Coe will be able to give you, to help out next dividend, $20,000 from earnings here.

I have no time to add. C. STETSON.

Mr. Rockwell will be here Thursday or Friday next.

New York, Dec. 31, 1852.

C. W. Rockwell, Esq, *New York:*

Dear Sir: I have the pleasure to inform you, that you have been appointed by the Board of Trustees of the Ohio Life Insurance and Trust Company, of Cincinnati, O., its cashier, to reside in this city, in place of Mr. Geo. S. Coe, who has resigned.

This post is one of great responsibility—requiring the extreme caution and good judgment in the learning of (upon call) funds deposited with the company by various individuals and institutions throughout the country, and which is subject to the sight checks of said depositors.

In consequence of the multiplicity and diversity of securities offered as collateral for loans, it is difficult to name specifically, those which may be safely taken. As a general rule, however, those may be accepted which are saleable at any moment at the Broker's Board, and which are among the sound and substantial securities, avoiding those which are subject to great fluctuations in price, and *entirely rejecting* those which, by any *stretch* of terms, can be embraced among "*fancy stocks.*" You should require a margin of *ten* per cent. upon the market price of the day, and so watch the changes of price of your securities, as always to have on hand that amount of excess. Although it is desirable to select the most responsible parties as borrowers, yet you should regard your collaterals *alone* as always securing more than the entire loan, independently of the names of parties; and in dealing with those of little personal responsibility, require additional security. In the discharge of this branch of your duty, you will have excellent advice and counsel of the trustees of the company residing in New York, viz: Messrs. Robert Bayard, Rufus L. Lord, and Geo. S. Coe; as well as Mr. J. B. Hosmer, Hartford, and Samuel E. Foster, New Haven, Conn.; and in all cases of doubt or difficulty, as to what course you should pursue, you will freely counsel with these gentlemen.

The correspondence of the office is heavy, and requires no small amount of labor, vigilance and promptness. In this you will be ably assisted by Mr. Edwin Ludlow, who has been appointed by the Board of Trustees an assistant cashier. Mr. Ludlow has, for eight or ten years past, been a confidential clerk in the office, and he is well informed on all its past transactions, and the entire detail of the business of the office.

You will not permit any banking institution depositing with you, to overdraw their account beyond the sum of twenty thousand dollars, and no individual depositor beyond the sum of ten thousand dollars; and then only unless you have sound and safe available collaterals and securities belonging to both parties, to twice the amount of said overdrafts.

In reference to sterling and other foreign bills of exchange, you will not render this company liable by endorsement or otherwise, except so far as they may come under your charge direct from the office at Cincinnati; and should you receive any foreign bills of exchange from any of your correspondents for sale, you will dispose of them upon their own merits, without rendering this company liable in any form whatever. Should any foreign bills of exchange be sent to you for collection by any of your correspondents, you will be governed by the advice of the trustees of the company residing in this city.

Respectfully yours,

C. STETSON, *President*
Ohio Life Ins. and Trust Co

New York, 1*st January*, 1853.—Received of C. Stetson, President Ohio Life Insurance and Trust Company, the original of the within written instructions, and which I shall observe and follow.

C. W. ROCKWELL, Cashier.

Extracts from the Letter Books at Cincinnati Office.

Sep. 5, 1854—C. Stetson to D. Roseter, New York: "I consider the present as a very unpropitious time to close up the concerns of this Company. A great political change is going on in this State, and I feel assured, that the legislature which we shall have after the session of next winter, will be one on which this company can rely to have justice rendered them. This community, and very many residing in the interior of this State, who have been favored by loans, without distinction of party, feel much outraged by the treatment this company has received, and they will move heavily in our favor. Very many of the leading Democrats in the State are foremost in this movement. Notwithstanding the oppressive and unjust tax now laid upon us, we will earn 7 per cent. per annum for our stockholders, and if we get relief and benefit anticipated, I anticipate ten per cent.

Sept. 6, 1854. C. Stetson expresses the same ideas to C. W. Rockwell.

Oct. 17, 1854. C. Stetson writes to W. S. Patton, President, Providence, R I.: "Agrees to the terms of loan of $100,000 of their $10 circulating notes for a term of 12 months, then on 60 days notice—the rate of interest 3½ per cent; redemption of notes borrowed to be made in New York by the Trust Company, whenever accumulation shall reach $5,000"

Dec. 2, 1854. C. Stetson writes to M. D. Wellman, cashier of Massillon Bank, Ohio, and proposes to circulate $50,000 of its notes, the Massillon Bank to have a credit in New York, payable 75 days after opening of $10,000 package, and to allow ½ per cent. discount; and Trust Company promises good circulation—to use the notes as if the redemption rested on them.

P. S. I have mentioned your grand scheme to several here, who looked upon it with great favor.

Dec. 15, 1854. C. Stetson to C. W. Rockwell, cashier: Resolution passed by the home board is transmitted, requiring more regular return of semi-monthly statement; also, a synopsis of loans, giving drawer and security; also, whether any loans are bad or doubtful, or not immediately available; the board also desiring him "to make as few loans as possible, in order to respond more readily to the wants of this office."

Dec. 20, 1854. C. W. Rockwell sends statement, but pays no attention to the orders of the board.

☞ Doubtless, the letter of December 15, hastened Rockwell's resignation, as it was very inconvenient to him to open his budget as fully as the home board wished him to.

Dec. 20, 1854 C Stetson to S. Brady, Cashier, Wheeling: Is willing to take his $10 notes in packages of $5,000, to the amount of $60,000, agreeing to send him exchange on New York as they open the packages, charging one-half per cent. premium, or give him "bills payable" in 30, 40, or 50 days.

Feb. 12, 1855. C. Stetson sends to New York the resolution of the home board, requiring an examination of the New York office.

June 21, 1855 C. Stetson to John G. Breslin, Treasurer: "I presented your application for $30,000 on New York to our board of trustees this day. They will discount that sum at 60 days. If that will meet your views, send down the paper."

The note was sent and discounted to him as treasurer.

Nov. 1, 1855. C. Stetson informs E. Ludlow, Cashier, of the willingness of the home board to loan to the Marietta Railroad Company $100,000.

Nov. 12, 1855. C. Stetson to E. Ludlow, marked "confidential," informs of complaint about the book-keeping in the New York office, and directs him to employ all the force necessary.

Nov. 20, 1855. C. Stetson to E. Ludlow: "It has occurred to us here, that you might procure, from some of your bankers in New York, their notes for circulation in this western region, upon the discount of some of our bills receivable, to the extent of $50,000 to $150,000, the banks discounting at the rate of say 4 to 5 per cent, in consideration of their notes being circulated so far from home.

Nov. 24, 1855. C. Stetson transmits to Ludlow, copy of resolution passed by the Board of Control in Ohio, censuring errors in accounts between the New York office, and the branches of the State Bank of Ohio; and urges the employment of all force necessary, regardless of cost.

Nov. 29, 1855. N. Wm. Lyle is sent to New York to assist in getting up a better system in the New York books; and Mr. Ludlow is advised to let him look into their mode of book keeping, and for Mr. Lyle to suggest improvements.

Dec. 5, 1855. C. Stetson to Flourney, Cashier, Paducah, Ky., proposes to get from his bank $100,000 of its circulation, and pay $20,000 in gold, $25,000 in 30 days, $25,000 in 60 days, and $25,000 in 90 days.

Dec. 7, 1855. C. Stetson to P. C. Osborn, Cashier, Petersburgh, Va, agrees to his proposal for $50,000 of his circulation.

Dec. 14, 1855. C. Stetson to A. M. Gordon, President, Baltimore, is willing to receive $50,000 circulation on terms proposed.

Jan 5, 1856. C. Stetson acknowledges to E. Ludlow the receipt of letter of Western Reserve Bank; sends statement to show the good condition of the company, and says: "I am aware, that an impression, exists among many that the capital stock of the company, two millions, is not liable for the operations of the banking department. This is an error. The trust department and banking department keep separate accounts, but there is but one interest."

Jan. 7, 1856. C. Stetson to E. Ludlow, sends statement of semi-annual profits, and says: "You will see by these figures, that from the

earnings of the past six months we can make a dividend of 4 per cent. and pay our tax for the entire year, and have a trifle left. From the earnings of the next six months, there will be no taxes to be cared for. It will be well, in showing this statement, to enjoin secrecy, as we do not care to have it known here what our earnings are. It might affect an application for relief before the coming legislature."

Jan 30, 1856. C. Stetson to E. Ludlow: "We fear that the *infernal* constitution of this State, passed a few years since, will prove an insurmountable barrier to the granting of any relief to us. The *will* is there but this vile instrument blocks up the way."

Feb. 7, 1856. C. Stetson to J. Ross, Cashier, Vincennes, notifies him of the subscription of $20,000 in the stock of his bank.

Feb. 11, 1856. C. Stetson to E. S. Hamlin: Sends him account for the services rendered by Hamlin to the Trust Company, in procuring $1,280 for it from the State, which it had given up, but which Hamlin nosed out and got from the State, on the banks allowing him *one-half.*

March, 1856. Application of Bingham & Taylor, and many others, for loans, refused—as after paying 2½ per cent taxes, it leaves but 4 per cent. to stockholders.

March 19, 1856. C. Stetson to H. Seymour, Cashier, Hartford, Ct., wants to know at what rate of interest his board would furnish $100,000 of its circulation, and says: "The law prohibiting our banks from paying out any notes of a less denomination than $10 has been repealed, and we can now pay out notes of any denomination."

March 25, 1856. C. Stetson to E. Ludlow, sends letters from cashiers of several banks, complaining of errors in accounts, and says: "I trust that you will cause immediate measures to be taken, in order that what is now 'crooked' may at once be made 'straight.' I had informed the Board of Control that all trouble of this sort had been adjusted."

March 26, 1856. C. Stetson to E. Ludlow, inquires about the account of T. Perry, and Hiatt & Woods' paper—some $100,000, and says: "We are safe here, having abundant security; what can you say of your end of the stick?"

April 5, 1856. C. Stetson to Andrews, President of the Board of Control, encloses errors in New York books.

April 18, 1856. C. Stetson to Wm. H. Gibson, treasurer; offers

to take funds of the State on deposit on the terms proposed, giving freehold security—having no State and United States stocks. Bondsmen were the directors.

April 18, 1856. C. Stetson to E. Ludlow: Urges immediate attention to accounts of correspondents, "as frequently before."

April 21, 1856. C. Stetson to Ludlow; speaks with confidence of the produce bills discounted by them in Cincinnati, and sent to him for collection, as being reliably *good*. Sent "telegraph alphabet," to be used "when you desire to let us know certain facts that we would wish to withhold from the public."

April 22, 1856. C. Stetson replies to E. Ludlow's letter about Ohio Transfer Agent; wanted Drake seen, and if successful to be paid; "however, it is a matter that should be quietly managed." States that they have arranged with Gibson for home and domestic funds; wants this fact "to be kept rather quiet, as it might be urged that they should not *hold the bag*, both at home and New York."

April 22, 1856. C. Stetson to F. M. Wright, Auditor of State: Offers to take the Ohio Transfer Agency for $2,500, including all charges.

May 15, 1856. C. Stetson to E. Ludlow: Sends the resolution of the board, coinciding with and agreeing to carry out the views of the New York trustees, as expressed in their report. Resolution of the home board reads as follows: "That the trustees here coincide with the views of New York trustees, and in their future action will take pleasure in conforming to the suggestions and recommendations contained in their report!"

Explains why, in his visit to England, he could not negotiate one million of Trust Company bonds at 5 per cent., the rate of interest being then in England above that.

"Legislature having adjourned," cannot do anything toward being allowed to reduce their loans on real estate mortgage, and turn the proceeds into banking—fears it would excite suspicion. "I telegraphed you yesterday as follows: 'Act in the matter of London credit as the New York Trustees think advisable.' This I now confirm, and you may effect some arrangement which will afford you relief. We are fully aware of the necessity that exists, of rendering you all aid in our power, but exchange on New York is very scarce, and in active demand."

As fully explanatory of the matter of the London credit, we insert here the subjoined correspondence to and from Bell & Grant, London:

New York, December 11, 1855.

Messrs. Bell & Grant, London:

Dear Sirs: The Cashier of the Ohio Life Insurance and Trust Company incidentally mentioned to the writer, a few days since, that he was on the eve of making negotiations for a credit of fifty to one hundred thousand pounds in England, and we suggested to him, that it would afford us much pleasure to have him open negotiations with you upon the subject, before completing arrangements elsewhere. Since the introduction of this question, we have had several interviews with the cashier; and now, at his request, we write to learn whether it would be agreeable to you to give the above institution the credit they desire; and if so, to learn, by return steamer, your best terms. The Ohio Life Insurance and Trust Company have an actual capital, all paid in, of two million dollars. The parent office is located at Cincinnati, O. The cashier and three of the trustees reside in this city. The office in this city is the depository of a large share of the banking institutions of Ohio. The office for transfer of the stock is located in this city. The payments of the Trust Company are nearly all made at the cashier's office here. No institution in this city enjoys a better credit. Even in the present depressed state of our money market, the present value of the stock is ninety-five dollars per share.

As the institution has been in existence some twenty years, the above statement is good evidence that it has been judiciously managed. You can learn from Messrs. Barnet, Hoare & Co., and Baring Brothers & Co., of London, the reputation of the Ohio Life Insurance and Trust Company on your side of the water.

At the time of the failure of Messrs. A. A. Gower, Newphews & Co., Messrs. Barnet, Hoare & Co. stepped forward and redeemed the bills of the Trust Company upon that house for a very large amount—all of which was promptly paid as soon as advice of their course was received here. For a large portion of the year, the cashier of the Trust Company holds a large amount of surplus funds in his office here. He has had out, upon call loans, for months in succession the past season, two million dollars and upwards. At certain seasons of the year, and par-

ticularly in the winter and spring, the parent office at Cincinnati discounts a large amount of short time bills—say at an average of forty-five days—and for proceeds they value at sight upon their cashier here. (The company do not issue bills for circulation, and in consequence, pay proceeds of discounted paper by sight drafts upon their cashier.)

The cashier now holds bills receivable to the amount of over two million dollars; but the institution being money lenders, they do not wish to offer bills receivable for discount.

Now, if a desirable arrangement could be effected for a credit in London, the Trust Company would propose to make their bills from time to time, at 60 days, never to exceed say fifty to one hundred thousand pounds issue at one time. In all cases, they would put you in funds before the maturity of their bills, either with short sight bills, or A one 60 days bill—the latter to be such as you could always sell at best rates, without endorsement or recourse. Unless you preferred to hold these time bills, you would never be in cash advance.

They would expect to pay a very moderate banking commission—say one-half per cent upon all their bills upon you.

At times, the company would probably have large cash balances in your hands. For this they would expect say three per cent interest. Should you ever be in advance to them by holding bills, they would pay 5 to 6 per cent. interest. The object of this letter is to learn from you, as before intimated, whether an arrangement similar to the one roughly sketched above would be agreeable to you. If from any cause you see reasons why you do not consider the suggestions feasible to you, you will consider this letter confidential. On the other hand, should you desire to effect an arrangement with the Trust Company, we shall be much pleased to be the medium of conveying to them your best terms. In the latter case, you would write definitely, so that in case your terms were accepted, further correspondence would not be necessary before opening the account.

Very respectfully yours,

(Signed) EDWARD J. MANN & CO.

London, 6th June, 1856.

Edwin Ludlow, Esq., *Cashier of the Ohio Life Ins. & Trust Co., N. Y.:*

Dear Sir: We were favored yesterday with your letter of the 23d ult.,

regarding the negotiation entered into in December last, between you and Messrs. Edward J. Mann & Co., on our behalf, for a credit to your institution.

You therein correctly state the terms on which we proposed to open such a credit, namely that it should be to the extent of thirty thousand pounds, and eventually, as may hereafter be arranged, to the extent of fifty thousand pounds, to be pending, uncovered, at one time. Our commission thereon to be one per cent. on drafts, where uncovered, or one-half per cent. only on amounts drawn against funds previously in hand. Interest on actual cash advance to be at the rate of five per cent. per annum, and allowed at the rate of three per cent. on balances in hand. And we beg now to confirm these terms, and hold ourselves prepared to accept your drafts upon us in conformity thereto.

We are sorry that you should think our rate of commission high, as we really do not see, in our present view of the case, how we can consistently, with our usual custom on all business of the kind, do it for less. We are willing, however, to leave this point for future consideration; and although we do not positively engage to make an alteration, we shall be open to a revision of the charge when we shall have had some more insight into the nature of the business. All we can at present say on this head, is, that we are far from wishing for anything beyond the fair remuneration to which we may be entitled.

In regard to our reimbursement, it will be immaterial to us; and we leave it to your own option, to make it either in short paper, or in bills at the usual sight of sixty days, to reach us in fair time to meet our engagement for your account. Nor shall we object, if it should occasionally suit your convenience to reimburse us in part by goods consigned to us by bills of lading, on which we should look to make insurance here.

You make no allusion to the present unpleasant state of political affairs between our two countries, and we must therefore suppose that you attach little importance to it. To us, however, they seem to be embroiled quite enough to occasion some uneasiness as to the result; and to say the truth, we should not have been sorry if, under the circumstances, you had held off until things should have assumed something of a less threatening aspect. Let us hope, however, for the best; but if, unhappily, a rupture should be come to, thereby endangering or rendering very uncertain the intercourse (the *postal* intercourse) between the

two countries, we would suggest the prudence, both for your interest and our own, of suspending operations until the storm shall have blown over —as we most sincerely hope it may—when they might be resumed with more quiet. You will not, we hope, misunderstand us in making this suggestion. It is not meant as any drawback to the connexion we are about to form, and which we shall be happy to continue as you may see fit, while relying with perfect confidence, as we feel we can do on you.

We remain, Dear Sir,

Your obedient servants,

BELL & GRANT.

London, 10th June, 1856.

Edwin Ludlow, *Cashier of the Ohio Life Ins. & Trust Co., New York:*

In forwarding the copy, you will find enclosed of our letter to you of the 6th inst., and the contents thereof we now confirm, it may be necessary, in order to avoid misapprehension, that we explain more clearly our understanding as to the amount of the credit, which, in our last, we said should "be £30,000, and eventually, *as may hereafter be arranged*, to the extent of £50,000;" from which you may infer that we limited the amount to the first named sum for the present; but our looking back to what passed between us and Messrs. Mann & Co. on this subject, we find that we gave them reason to suppose that we should not object to the credit going to £50,000, and that they have intimated to you our willingness to do so, "if," as you yourself say in your letter to us, "your business should require your going to that extent beyond provision made for pending engagements." Our sole object, therefore, in addressing the present to you, is to make the matter clear by stating that we conform to this arrangement, and that we are willing, if eventually you should find it expedient, to make the amount of the credit fifty thousand pounds, on the footing, in all other respects, as laid down in our last.

We remain, Dear Sir, your obedient servants,

BELL & GRANT.

April 21, 1856. C. Stetson to E. Ludlow; notifies him of errors in accounts of City Bank of Columbus, and says: "Every day convinces

me, that you will be compelled to get some one else to take charge of your books, and that very soon."

June 7, 1856. C. Stetson to E. Ludlow; recommends Messrs. Gross & Dietrich to him, stating the object of their visit to be the purchase of railroad iron for the Dayton and Michigan Railroad.

July 7, 1856. C. Stetson to E. Ludlow: "I have received your valuable favor of the 1st and 3d inst, in which you relate the financial operation of the Treasurer and ex-Treasurer of Ohio. I am astounded at their doings, and tremble for the consequences of their action. If the facts are noised about, it will be fatal to the negotiation of any new loans by the State. I therefore hope as little will be said aloud as possible. I was confident, when I wrote to you not to make any loans, unless upon the most reliable securities, that there was trouble in the camp; for Breslin came down here and was more than anxious for us to discount his and Gibson's paper for $50,000, payable in New York at 60 days, which we positively refused to do at any time, or for a less amount. I suppose the commissioners desire to make a new loan at 5 per cent. to meet the 6 per cent. bonds of the State, about $3,500,000 of which are payable at the pleasure of the State after the year 1856. I do not understand, that with the exception of this year, the $3,500,000 must be paid. Keep me advised of State movements in New York."

July 7, 1856. C. Stetson to E. Ludlow; advises him of a dividend of 4 per cent being declared, and says: "We trust this will prove satisfactory. In the present unsettled condition of tax matters, a larger dividend would be *very impolitic*."

July 18, 1856. C Stetson to W. H. Gibson: "Your proposal to loan of this company $15,000 on the credit of the State, was again presented to our board of trustees this morning, for their action.

"The solicitors of the company, Messrs. Worthington and Matthews, having reported to the board that there was no law authorizing loans of this description by the Treasurer of the State of Ohio, have felt compelled to decline your proposal. I have to-day telegraphed you the result."

July 21, 1856. C. Stetson to W. H. Gibson: "I am this morning in receipt of your favor of the 20th and 21st. Our board of trustees have authorized me to receive from you for discount, two bills of Messrs. Tomb, Huss & Co., drawn in your favor, and to be indorsed by you as

Treasurer of State, payable in New York, one bill at 30 days date, $20,000, and one at 60 days date, $20,000,--payment to be made you by $25,000 in exchange on New York, the balance subject to your order, payable in currency, unless you should prefer New York exchange in payment."

July 23, 1856. C. Stetson to Wm. H. Gibson: Bills discounted were $10,000 at 30 days, and $30,000 at 60 days. "The proceeds of these bills discounted, $39,636 67. I inclose you five bills of $5,000 each on E. Ludlow, cashier, in favor of H. A. Spaythe—

The	$25,000 00	
Premium ¾ per cent	187 50	
		$25,187 50
Leaving balance to your credit		14,449 17

August 18, 1856. C. Stetson to E. P. Howe, President City Bank, Hartford; proposes to borrow $50,000 circulation.

Sept. 4, 1856. Acknowledges receipt of first package of above.

Sept. 11, 1856. C. Stetson to E. Ludlow; advises him to get proxies for approaching election.

Sept. 13, 1856. C. Stetson to W. H. Gibson, Treasurer: "Yours at Coatesville, under date of the 9th, reached here yesterday. Although it is not exactly convenient to renew the bill of $30,000, due Sept. 23, you may send down a like one for discount at 45 days, and it will be discounted. This time is as long as can be granted."

Sept. 22, 1856. C. Stetson to W. H. Gibson, Treasurer: "I have this day received yours of the 20th instant at Tiffin, inclosing the bill on New York, dated Sept. 20, for 45 days. The same has been discounted 46 days, $237 68.

Proceeds		$30,672 32
You are charged for bill on New York	$30,000 00	
Premium ¾ per cent	225 00	
Telegraph	1 50	
		30,226 50
Leaving balance at Cr		$535 82

Sept. 17, 1856. C. Stetson to Mr. Handy, in Cleveland; agrees to shipment of railroad iron to Marietta Railroad.

Oct. 17, 1856. S. P. Bishop, cashier, to S. B. Keyes; hands him $100,000 of Kanawha Bank notes to be presented to the bank.

Oct. 30, 1856. C. Stetson to E. Ludlow, in P. S.: "We may have paper offered us by a party of no great means, upon F. V. Hamlin, New York, at 12 and 14 Warren street, formerly of the house of Hamlin, Rushmore & Co. Is he unquestionably good for $5,000?"

Nov. 25, 1856. C. Stetson to E. Ludlow: "When in New York last, you will remember that I informed you, that it was desirable that we should have the privilege of increasing our indebtedness to you for a larger sum than the trustees residing in New York fixed upon as a limit. On the return of Mr. Stedman to New York, it was proposed that a consultation should be held, and that you would communicate the result of the new deliberation. I need not tell you that we have already exceeded the limit imposed upon us. Your ledger will tell the story. What we desire now to know from you, is, how far may we go? This question answered, we will conform. By our books, we have maturing with you, between this and the 1st of January, very near $600,000. An early answer to this note is very desirable.

"P. S. Since writing the foregoing, I have received your telegraph of to day, advising us of the advance in the rate of interest in England. This does not look very favorable for our increasing our balance with you. What we desire to know, is, how far may we go, without bearing too hard upon you. We desire to receive from you no such documents by *lightning*, as 'Hold up and remit.' Stop us in *good season*, if it is needful."

Nov. 28, 1856. C. Stetson to Davis, cashier, Hartford; acknowledges receipt of package of $20,000, and remits 60 day bill on New York, and says: "There is now an active demand for currency with us, the pork packing business having commenced in good earnest, and we look for a very favorable circulation for your paper, as we shall endeavor to give it a *country airing*."

Dec. 1, 1856. C. Stetson to P. C. Osborn, cashier, bank in Petersburg, Va.; proposes to borrow $50,000 circulation.

Dec. 2, 1856. C. Stetson to E. Ludlow: "I see by your newspapers, that money is easy, and that your banks are discounting freely of short business paper. We are compelled daily to turn out the very best of 30 and 60 day bills on Boston, New York and Philadelphia, having no means

to purchase. We take them at interest off, and ½ per cent., that is, all paper over 30 days, that at interest off only. Now, as these bills, when they mature, will be worth ½ per cent., we much regret the necessity of throwing them out. Cannot you *coax* some of your banks to discount for you some two or three hundred thousand dollars of paper 30 and 60 days, upon condition of your leaving the amount to be drawn for, as you may be called upon from this end? Why will not Coe give you $100,000 of his circulation to be used here? We can pay them out in such way, mingled with other currency here, as will do some good. It would be a month before a portion would find its way home. We should endeavor to give it a diffusive circulation in the rural districts away from this neighborhood, in payment of wheat, corn and hogs. The expense of sending it here by express will only be one dollar per $1,000."

Dec. 6, 1856.—C. Stetson to E. Ludlow: "I have now to own the receipt of yours of the 29th, as well as the note of Mr. Coe to you. They have been presented to our board of trustees, and we shall endeavor to keep within the prescribed limits, though we shall find it hard work, having in previous seasons had such a long rope."

Dec. 12, 1856. C. Stetson to E Ludlow: "We are all much gratified to learn that you have a prospect of having a portion of our bills in your hands re-discounted."

Dec. 18, 1856. C. Stetson to N. L. Wilson, president of Marietta and Cincinnati Railroad, Chillicothe: "I am instructed to call your attention to the immediate redemption of the notes of the Kanawha Bank, which have been to Ross County Bank, under instructions from you, and at your special request. The amount is now very large, and is too heavy a burden upon this company to be borne any longer. I trust you will not refuse to respond. I have also to request of you, to place in my charge, as trustee, the notes for the second loan of $50,000, which was made to you by the Kanawha Bank, under the contract of 22d March last, as well as the collaterals thereto, say $100,000 of the bonds of the Hillsborough and Cincinnati Railroad Company."

Dec. 19, 1856. C. Stetson to James Lee & Co., bankers, New York: "I am authorized by the board of trustees of this company, to assure you, that any and all liabilities incurred by E. Ludlow, Esq., cashier of this company in New York, are and will be recognized and assumed by this institution to the full extent of any such liability."

N. B. A note at the bottom of this letter, says that John C. Wright, E. G. Enyard, S. C. Parkhurst, S. B. Keys, J. S. Broadwell, S. J. Steadman, A. M. Taylor and S. Fosdick, were present, when read, and approved it.

Dec. 18, 1856.—C. Stetson to A. S. Nye, Chillicothe: "I have received your favor of the 5th of December, together with a statement of the probable working of the Kanawha Bank under a new arrangement, to be conducted and carried out under your management and guidance. It is the desire and wish of the board of trustees of this city, that you should be appointed cashier of this said Bank of Kanawha, and they hereby pledge themselves to this end; your compensation as cashier to be as set forth in your letter above named, say five thousand dollars."

Dec. 23, 1856. C. Stetson to E. Ludlow: "I have before me your valued favor of the 20th inst., as also your telegraph of the 20th and 22d, and the letter at hand this evening, which has given Mr. Bishop and myself a 'cold sweat.' The best we could do to-day, was to draw for a few thousand less than we sent you, say $24,000 against $18,000. To-morrow, if possible, will endeavor to procure some exchange,—though when we become buyers, it always advances ¼ to ½ per cent. A week since, it was a drag at ¼; to-day it is brisk at ¾ premium. We will endeavor to bring ourselves to the limits prescribed as soon as possible"

Jan. 9, 1857. C. Stetson to E. Ludlow; proposes sundry ways of relieving the company through legislative aid:

1. Regrant of power to issue notes for circulation;

2. Power to use capital—two millions—in discounting business paper; and not, as charter requires, to loan it out over the State on mortgage;

3. To increase capital 50 per cent. to three millions, and to be taxed as per charter.

Jan. 12, 1857. C. Stetson to R. W. Taylor, Senator, Columbus; the plan promulgated in previous letter is explained at large, in reply to a letter from Mr. Taylor.

Jan. 25, 1857. C. Stetson to Stanley Matthews, Senator, Columbus, Ohio: "You saw, when here, my letter to Mr. Taylor (your brother Senator); what do you think that the Trust Company better ask for, and what mode would be best for us to present ourselves to the Legislature?

Will you think this matter over, and write me, as soon as you come to any conclusions?"

Feb. 13, 1857. C. Stetson to Stanley Matthews: "I have now to own the receipt of your valued favor of the 12th. With this, please find memorial to both branches of the Legislature, with which please do the needful."

☞ Memorial asks for the same, as letter to Ludlow of January 9th.

March 9, 1857. C. Stetson writes to R. W. Taylor, about the bond for S. T. Bull;

Also, to F. M. Wright, Auditor of State;

Also, to Alfred Kelley;

Also, to R. Hosea, about taxes.

March 21, 1857.—C. Stetson to G. J. Davis, President, Hartford, Ct.: "Exchange has ruled from ¾ to 1 per cent. premium, and we have not used them (the circulation borrowed), as, if put out, they would visit you before the week was out."

April 21, 1857. C. Stetson to S. H. Parsons: "The statement in the Herald, quoted by you, is false in every particular. The person who is *bearing* down our stock at the New York stock exchange, owns none of the stock he is offering, and is, we understand, the lacquey of the notorious Jacob Little, who failed last season, and who is always ready to avail himself of any occasion like the present. In reference to the suit brought against the Nashville Insurance Company, it is true, we have a judgment against its individual stockholders. What will come of it, is very uncertain; so long a period has elapsed since the failure of the company, that many of the stockholders have either died, failed or absconded, that it does not promise much."

May 6, 1857. C. Stetson to E. Ludlow: "We are gratified to learn that the skirmishing in regard to our stock in your market, has come to a close, and trust you may not have a repetition of such foolish conduct.'

June 5, 1857. C. Stetson to E. Ludlow: "In a previous letter to you to-day, I omitted to say, that for some months past the Little Miami Railroad Company have made us their depository in this city, under an arrangement that we would, on the 15th of June and 15th of December, in each year, transfer the amount of said half-yearly deposits, about $150,000 each, to their credit with you. The object of this note then is to prepare your nerves for the large sum of $150,000, for which we shall

draw on you the middle of this month. In the present easy condition of your money market, we trust it will not cause you any inconvenience."

☞ This amount was transferred, and doubtless with Ohio interest, produced the telegrams and letter about the 25th and 28th of June.

June 1[illegible], 1857. C. Stetson to E. Ludlow: "I am this morning in the receipt of yours of the 8th. As to the wants of the State on the 1st of next month, we are wholly in the dark, having no information as yet from the Treasurer. He has overdrawn his account here about $10,000. I must say, that I have not much confidence in the present Treasurer. I think he will leave a pit hole as deep as did Breslin when he retired. I hope I am mistaken, but must caution you against entering into moneyed arrangements with this official, unless your securities are as reliable as so many doubloons."

June 22, 1857. C. Stetson to E. Ludlow; advises him of the loan to the State of $150,000.

June 29, 1857. C. Stetson to E. Ludlow; advises Ludlow to take Kanawha Bank notes, and says: "The telegraphs you and Coe have sent us, under date of 26th and 27th, are quite astounding, and at such short notice it is wholly impossible to do what you require. We have been into Kentucky to procure exchange to send you, but have been wholly unsuccessful in our endeavors. We shall use every effort possible to reduce our account to the figure you have named; and I shall make no bills on you that we are not absolutely compelled to do. This appears one of those occasions when you should resort to the credit on London, in which matter you have authority to act as may be deemed best. With Messrs. Lee & Co., I presume you would find no difficulty in arranging for $50,000, or more if needed. The rate of exchange is now high, and at the maturity of 60 or 90 day bills. I do not think they will rule any higher, if as high, as at the present time.

"You have the $200,000 Hamilton and Dayton 7 per cent. bonds. On these you ought to be able to borrow $150,000. Then you have some short paper, which I should think, might be discounted with some of those banks with whom you have dealings."

June 30, 1857. C. Stetson to E. Ludlow: "I regret much to add, that we cannot procure any exchange or coin to send you,—every source seems quite dried up. I hope you may not find it so difficult to raise funds as your telegraph seems to indicate."

July 6, 1857. C. Stetson to E. Ludlow: "I hope you have fairly got over the heavy calls made upon you from Ohio, and 'all the rest of mankind.' Had it not been that the finances of the State of Ohio were so completely bedeviled, we should not have interfered in behalf of the State, but I look for some benefit from it by and by."

July 7, 1857. C. Stetson to E. Ludlow: "Shall do all in our power to lighten your burden. You ask, 'Is not this the season when the calls are light upon you?' In reply, I have to say, that we are not blessed with any such epochs or intervals. We are pressed to the girth always. How can it be otherwise, when we have not a bank in Cincinnati that can issue a note; and only two in the city, the aggregate capital of which is $100,000."

July 11, 1857. C. Stetson to E. Ludlow: "We are much dissatisfied by the statements made in the New York Times, as to our dividend, or rather stating that we had a reserve of 2 per cent. after declaring 5 per cent. Such is not the fact, as you will see by reference to statement published, it was only 1¼ per cent."

August 3, 1857. C. Stetson to E. Ludlow: "We do not perceive that any further time sales of our stock are reported, and take it for granted that the 'warriors' have 'grounded arms.'"

☞*August* 24, 1857. Suspension.

In a letter to officers in New York, after suspension, it is positively stated, that E. Ludlow was not and is not authorized to use company's name in making a note!

Nov. 23, 1857. Assignees to S. J. Broadwell: "Glad you have closed up Beebee's case."

Dec. 3, 1857. Transmit to S. J. Broadwell: 1st, contract with Beebee ratified; 2d, additional authority as desired.

Dec. 4, 1857. C. Stetson to S. J. Broadwell: "The adjustment of the account with the Cleveland and Pittsburgh Railroad Company, is one of great importance; and it is thought, should be done in New York, and not in Cleveland. The Cleveland and Pittsburgh Company heretofore refused to arbitrate; are they willing to do so now? The assignees here are desirous of having some proof from Mr. Ludlow, that he has or can

procure the 4,000 or 5,000 shares of Cleveland and Pittsburgh Railroad stock, which he says was not sold, but on which he obtained loans."

Dec. 9, 1857. Mr. Broadwell is informed to close with Messrs. Lord and Irwin, their taking $100,000 of bonds (kind not stated).

Dec. 15, 1857. C. Stetson to S. J. Broadwell: "No further response will be made to the cards from Mr. Ludlow and his friends, touching his connection with this company. It seemed proper that something should appear, and the paper that was published met the approval of all the trustees."

Dec 15, 1857. C. Stetson to Robert Stone, Swan P. O., Vinton county, Ohio: "From the complexion of things when I left New York about a month since, I feel quite confident that the entire capital is lost to us. This is a sad statement, but candor compels me to make it, however painful."

☞ In a letter to Mr. Washington, in Nashville, C. Stetson says: "The assignment was delayed a month, under the conviction that we could stand erect and meet all our indebtedness."

June 25, 1858. C. Stetson to Messrs. Worthington and Matthews: "Your communication of 24th inst. is received, and has been laid before the assignees, who assent that Judge Matthews may go to New York, and counsel with Mr. Ludlow upon the matter suggested, so far as the same can be done consistent with your relations as our counsel; but no communication made by Mr. Ludlow shall be used hereafter, in any event, to his prejudice."

June 30, 1858. C. Stetson to S. J Broadwell: "We regret to learn that your course is so much embarrassed by litigation, and a determination on the part of the *sharks* (of the law) in New York to devour the small pittance remaining of the Trust Company.

"N. B. Very large fees have been paid to New York lawyers, a matter we felt to be beyond our province to inquire into. We heard of it accidentally, and saw signs of it in the correspondence. We trust the sharks will yet be exposed!"

MIDDLETOWN, CONN., Sept. 15, 1857.

C. STETSON, ESQ., *President O. L. Ins. & Tr. Co., now in New York:*

My Dear Sir: By your request, I have transcribed and herewith send copies of three letters addressed to me by the cashier of the Ohio Life Insurance and Trust Company (Mr. Ludlow), *a few weeks* previous to its suspension.

I shall not indulge my feelings in commentary, upon the *inconsistency* of his *written* official statements, and the *present bankruptcy* of the institution; but submit the letters to your reflection. The original letters are in my possession, and will be retained by me "*debene esse.*"

I shall be obliged, by any information you may communicate as to the situation of this extremely unfortunate institution, as early as your convenience and pressing duties may permit; and am, Sir,

Very truly, yours, &c.,

SAMUEL H. PARSONS.

P. S. Should the institution be revived, I trust you will not appoint or select another cashier without the aid of "*Diogenes' lantern!*" If *Mr. Coe* had been retained, with a salary of $10,000 per annum, the stock would now sell for $130 per share, instead of being worthless.

DOCUMENT C.

THE CHARTER AND BY-LAWS

OF THE

OHIO LIFE INS. AND TRUST COMPANY.

AN ACT

To incorporate the Ohio Life Insurance and Trust Company.

SECTION 1. *Be it enacted by the General Assembly of the State of Ohio*, That, from the time this act shall take effect, Joseph S. Lake, Jacob Burnet, Micajah T. Williams, Samuel Wiggins, Robert Buchanan, John H. Groesbeck, William S. Hatch, Samuel R. Miller, William Thoms, Jeptha D. Garrard, William Oliver, Vachel Worthington, S. Fosdick, E. S. Haines, Allen Trimble, John Creed, Alfred Kelley, Benjamin Tappan, Samuel F. McCracken, Joseph Vance, James Galloway, Jr., Samuel Forrer, Daniel Kilgore, Calvin Pease, Gustavus Swan, Adam Stewart, Robert Fulton, James Findlay, L. Goodale, J. Patterson, Cornelius Vanausdal, Alexander Campbell, David Johnson, Simon Perkins, Heman Ely, and their associates and successors, be, and they are hereby constituted and made a body politic and corporate, under the name of the Ohio Life Insurance and Trust Company; to be located at the city of Cincinnati, and by that name shall have power to contract and be contracted with, and may sue and be sued, plead and be impleaded, answer and be answered unto, in all courts having competent jurisdiction; and may have and use a common seal, and the same break, alter, and renew at pleasure; and shall be vested with all the powers and privileges necessary to the objects of their incorporation, as hereinafter defined and limited.

SEC. 2. That said company shall have power: 1. To make insurance on lives. 2. To grant and purchase annuities. 3. To make any other contracts involving the interest or use of money and the duration of life. 4. To receive money in trust, and to accumulate the same at such rate of interest as may be obtained or agreed on, or to allow such interest thereon as may be agreed on. 5. To accept and execute all such trusts of every description, as may be committed to them by any person or persons whatsoever, or may be transferred to them by order of any court of record whatever. 6. To receive and hold lands under grants, with general or special covenants, so far as the same may be necessary for the transaction of their business, or where the same may be taken in payment of their debts, or purchased upon sales made under any law of this State, so far as the same may be necessary to protect the rights of the said company, and the same again to sell, convey and dispose of. 7. To buy and sell drafts and bills of exchange.

SEC. 3. In all cases where any court hath jurisdiction for the appointment of a trustee or guardian of any infant, lunatic or other person, the annual income of whose estate shall exceed the sum of one hundred dollars, such court shall have power to appoint the said company trustee or guardian of the estate of such infant, lunatic, or other person. *Provided*, nothing in this section shall be so construed as to give the said corporation control of the person of any infant, lunatic, insane or other person; and provided, further, in all cases where the courts shall appoint said corporation administrators of any estate, the consent of the widow or next of kin to such deceased person shall first be obtained.

SEC. 4. On any sum not less than one hundred dollars, which shall be collected or received by the said company in its capacity of trustee, guardian, and receiver, an interest shall be allowed by said company, of not less than at the rate of four per cent. annually, which interest shall continue until the moneys so received shall be duly expended or distributed.

SEC. 5. Where the annual income of an infant, lunatic, or other person, of whose estate the said company shall be trustee or guardian, shall exceed the sum allowed, or which may be sufficient for the education and support of such infant, or support of such lunatic or other person, such surplus income shall be accumulated by the said company, for the benefit of such infant, lunatic, or other person, by adding interest on

the whole annually, as a new principal; and the interest so to be allowed and added on such accumulation, shall in no case be less than 4 per cent.

SEC. 6. No bond or other collateral security shall be required from the said company when appointed trustee, guardian, or receiver; but all investments of money received by the said company in either of said characters, shall be at the sole risk of the said corporation; and for all losses of such moneys, the capital stock, property, and effects of the said corporation shall be absolutely liable.

SEC. 7. The capital stock of the said corporation shall be two million of dollars, which shall be divided into shares of one hundred dollars each. The whole of said capital stock shall be invested in bonds or notes drawing interest not exceeding seven per cent. per annum, secured by unincumbered real estate within the State of Ohio, of at least double the value in each case of the sum so secured, and not more than one-fourth of which capital shall be loaned on real estate in any one county.

SEC. 8. All the corporate powers of said company shall be exercised by a board of trustees, and such officers and agents as they shall appoint. The board of trustees shall consist of twenty persons, all of whom shall be stockholders and citizens of the United States, and not less than three-fourths of their number shall be citizens of this State. They shall establish and keep up an agency in each judicial circuit of this State, which agencies shall not be considered as vested with banking powers. They shall annually elect a president from their own body, and shall have power to declare by a law what number of trustees less than a majority of the whole shall be a quorum for transacting business.

SEC. 9. That said board of trustees shall be divided into classes, consisting of four each, and so arranged that the term of service of one of said classes shall expire at the end of two years, one at the end of four years, one at the end of six years, one at the end of eight years, and one at the end of ten years, and so on, to be divided by lot, so that four trustees shall be appointed every two years; but the Supreme Court of this State shall have power to remove a trustee, on such notice, to be heard as they shall deem reasonable, on the application of a person interested, for a misdemeanor in office.

SEC. 10. Every vacancy happening in the board of trustees, by death, resignation, or otherwise, other than by the expiration of classes, shall

be supplied by the choice of the remaining trustees; and in all cases the votes of two-thirds of all the trustees for the time being, shall be requisite to a choice. No person shall be eligible who shall not have been openly nominated at a meeting of the trustees at least one month before the day on which the election is held; and the name of every person so nominated shall be published for three successive weeks previous to the day of election, in one or more newspapers published in Cincinnati and Columbus. *Provided*, that when vacancies shall happen by expiration of classes, the same shall be supplied by elections to be held by the stockholders of said corporation; and elections held for the purpose of supplying such vacancies shall be held as near as may be in pursuance and accordance to the provisions of the twelfth section of this act, except that notice of the time and place of holding such elections shall be given by the trustees of said corporation instead of being given by the committee, as is in said section provided.

SEC. 11. The said corporation or any twenty of them, within six months after this act shall be in force, shall meet at Cincinnati, and appoint a committee of five of their own number, whose duty it shall be, at the time and place fixed by said committee for that purpose, to open books for receiving subscriptions to the capital stock; the books shall be opened at the hour of ten in the morning, and shall be kept open from time to time by adjournment, until the whole stock shall be subscribed, not exceeding thirty days; public notice shall be given for at least twenty days in one or more newspapers published in Cincinnati and Columbus, of the time and place of opening the books for receiving subscriptions to the capital stock of said corporation; Provided, that if the said stock shall not be subscribed within thirty days, the said committee shall have the power to re-open the books at any time thereafter within two years, under such regulations as are herein above specified.

SEC. 12. So soon as said stock shall be taken, the said committee shall notify the subscribers to said stock, by publication in one or more newspapers published in Cincinnati and Columbus, for thirty days, to meet at such time and place as in such notice they may direct, to elect twenty persons from among the said subscribers, to constitute the first board of trustees under this charter; and when the said subscribers or so many thereof as may have assembled at the time and place fixed for opening the polls of the said election, they shall appoint four disinterested and

respectable freeholders of the State of Ohio judges of the said election, who shall proceed to discharge the duties hereby required of them; that is to say, they shall receive the votes of the said subscribers, either by person, or proxy duly authenticated in writing, allowing to each subscriber one vote for each share by him held; and they shall carefully note each vote in duplicate books prepared for that purpose, and after having taken all the votes that may be offered within the time fixed by said notice, the said judges shall count the said votes, and certify the number of votes given to each person; and thereupon they shall forthwith hand over the said poll books to the said committee, the one for the said company and the other to be transmitted by them to the Auditor of State; and the twenty persons having the highest number of votes shall be the said trustees, and thereupon their powers and authority as said trustees shall commence.

Sec. 13. So soon as the said trustees are elected, they shall organize, and notify the Governor of this State that they are ready to commence business; and thereupon the said Governor shall appoint some suitable person to examine and count the moneys paid in upon the first instalment of the said capital stock, and then actually existing in the vaults of the said company, whose duty it shall be, at the expense of the said company, to make such examination, and ascertain by the oath of the president and at least twelve of the other trustees, that the said capital has been bona fide paid in by the said stockholders of the said company in payment of the first instalment under the regulations of this charter, and for no other purpose whatever, and that it is intended to be and received as a part of said capital stock, and forthwith make due return thereof to the Governor, who, on the return being made to him as aforesaid there, that the sum of five hundred thousand dollars of the capital stock of said company has been paid in, and actually exists in their vaults, shall cause proclamation to be made of the same, under the great seal of the State, which shall be published at the expense of the said company, in one or more newspapers published at Cincinnati and Columbus; and on the first publication of such proclamation, it shall be lawful for said company to commence business, and not before.

Sec. 14. Each subscriber shall, at the time of subscription, pay to the committee receiving the same, the sum of twenty-five dollars on each share by him subscribed; and after the shares shall have been sub-

scribed, each stockholder shall pay an instalment of twenty-five dollars on each share so held by him, within six months thereafter, at such time and place as the trustees shall appoint, of which at least three weeks' public notice shall be given; and the whole amount remaining due on the shares so held by him within eighteen months after the said stock shall have been subscribed, at such time and place as the trustees shall appoint, of which the same notice shall be given as last aforesaid.

Sec. 15. That any person or persons who shall own any share or shares in said company, and who neglect or refuse to pay the instalments or any part thereof, at the time and place required by the trustees of the said company in pursuance of this act, the trustees for the time being shall have power to sell and transfer the same without delay, either by public auction or otherwise, and any surplus remaining after incidental charges are paid, shall be returned to the person or persons who held the said shares previous to the sale thereof

Sec. 16. Every trustee of this corporation shall be a stockholder to the amount of five thousand dollars at least, and the seat of every trustee ceasing to be a stockholder to that amount, shall immediately be considered and held vacant; Provided, that no judge of the supreme court or court of common pleas shall be a stockholder, or be directly or indirectly interested in said company.

Sec. 17. No loans shall be made directly or indirectly to any trustee of a greater sum than twenty thousand dollars in the whole, and the same security shall be given therefor as is required from other persons; and in addition, any trustee may secure his own part of the capital stock not exceeding five thousand dollars, by bond or note, and a conveyance of real estate in trust to the said company, in the manner prescribed in the seventh section of this act.

Sec. 18. The certificate of stock and of moneys received in trust issued by the said corporation, shall be assignable on the books of the corporation, to be kept at such place and under such regulations as the board of trustees shall establish; but no alteration shall be made in the regulations so established, unless by the order of the supreme court made on a petition of a majority of the trustees

Sec. 19. The trustees shall have discretionary power of investing the premium and profits received by the company, and the moneys received by them in trust, in government, or other public stocks of the

United States or of any State, or in the stock of any incorporated city, or in such real or personal securities as they may deem proper, or loan the same to any county, city, incorporated town, or company; but the said company shall not hold stock in any one private incorporated company beyond twenty-five thousand dollars.

SEC. 20. The board of trustees shall exhibit annually, to the supreme court, on such day as they shall appoint, a full statement of their affairs; in such form and verified in such manner, as said court shall direct. The said court, should they deem it proper, may refer such statement to a master commissioner of said court, with directions to make a full and thorough investigation into the affairs and management of the company, and to report his opinion in relation to the ability and integrity with which its affairs are conducted, the prudence and safety of its investments, the security afforded to those by whom its engagements are held, and the advantage derived by the public from its operations. The expense of every investigation so made, shall be defrayed by the company, to be taxed by the court.

SEC. 21. Upon the exhibition of any such annual statement, or upon the coming in of the report of the master commissioner thereon, the said court may recommend to the trustees such alterations and amendments in the regulations and by-laws of the company as they shall deem to be required by the public good, and a just regard to the security of creditors. If any regulation or by-law so proposed to be altered or amended, or any act or proceeding of the company shall be deemed by them to be a violation of any of the conditions of this charter, and shall not in a reasonable time be corrected by the trustees on said recommendation, the supreme court shall issue a writ of *scire facias* against the said corporation, to show cause why its charter should not be adjudged forfeited. Judgment against said corporation shall in no case have the effect to vacate its charter on the rendition thereof; but the said Supreme Court, as a court of chancery, shall thereupon order and decree that the said company, under the direction of said court, shall proceed to dispose of its effects, pay its debts, and distribute the surplus in due proportion among its stockholders; and upon the final settlement of its concerns, the said court may grant a perpetual injunction against the transactions of any future business by said company.

SEC. 22. A copy of every statement made as aforesaid, and of every

report of master commissioner thereof, shall be transmitted to the Auditor of State by the president of the company within thirty days after it shall have been made or received, and may be published at the expense of the company under the direction of the court And the General Assembly shall have power at all times to appoint a committee from its own body, whose duty it shall be to examine the condition and state of said body politic and corporate, to inspect the books, and minutes of proceedings of the board of trustees, to ascertain the amount of gold and silver, and bills on hand, the amount of deposits therein, of notes and bills in circulation, an exact list of balances due to and from said body politic and corporate, and all other affairs of the same, and make a report thereon at such time as they may be instructed and directed.

Sec. 23. The company shall have power until the year 1843, to issue bills or notes to an amount not exceeding twice the amount of the funds deposited with said company for a time not less than one year, other than capital, but shall not at any time have in circulation an amount greater than one-half the capital actually paid in and invested in bonds or notes secured by an unincumbered real estate, agreeably to the seventh section of this act, nor a greater amount than twice the amount of deposits for the time being, and may lend the same on notes or obligations, or such other securities as the said trustees may require, at a rate of interest not exceeding six per cent. per annum. If said company shall suspend payment of its notes or bills in silver or gold coin, lawful money of the United States, for more than thirty days, or shall demand and receive a greater rate of interest in any case than seven per cent. per annum, its charter shall be thereby forfeited. The Supreme Court shall have exclusive cognizance of all cases in which judgment of forfeiture of the charter can be rendered. All bills and notes issued by the company, which shall not be paid on due demand and presentment, shall thereafter bear an interest at the rate of twelve per cent. per annum: *Provided*, the Legislature may at any time hereafter enact laws enforcing and regulating the recovery of notes, bills or debts, of which payment shall have been refused as in this section mentioned, with the rate of interest there mentioned; also to amend, alter or repeal this act, after such refusal having been made and duly established in the proper court having jurisdiction thereof.

Sec. 24. For all losses of money which the capital stock shall not be

sufficient to satisfy, the trustees shall be responsible, in the same manner and to the same extent that trustees are now by law responsible in law or equity.

SEC. 25. No higher taxes shall be levied on the capital stock or dividends of the company than are or may be levied on the capital stock or dividends of incorporated banking institutions in this State.

SEC. 26. This act shall not be construed to confer on the said company any rights or power to make any contract, or to accept or exercise any trust whatever, which it would not be lawful for any individual, when not restrained by statute, under the general rules of law which are or shall be in force, to make, accept, or execute.

SEC. 27. The said trustees shall, on the first Monday of January and July, annually, make and declare such dividends resulting from the profits of the said company as shall not impair nor in any wise lessen the capital stock, and cause the same to be paid on demand to the said stockholders thereof.

SEC. 28. This act shall be taken and received in all courts, and by all judges, magistrates, and all other public officers, as a public act; and all printed copies of the same, which shall be printed by or under the authority of the General Assembly, shall be admitted as good evidence thereof, without any other proof whatever.

Provided, any future Legislature, after the year 1870, shall have power to repeal, amend or alter this act.

JOHN H. KEITH,
Speaker of the House of Representatives.
DAVID T. DISNEY,
Speaker of the Senate.

February 12, 1834.

SECRETARY OF STATE'S OFFICE,
Columbus, O., Feb. 12, 1834.

I certify that the foregoing act is a correct copy of the original roll, remaining on file in this office.

B. HINKSON,
Secretary of State.

THE FIRST BOARD OF TRUSTEES.

JACOB BURNET, of the city of Cincinnati, Ohio.
MICAJAH T. WILLIAMS, " "
SAMUEL WIGGINS, " "
JOSIAH LAWRENCE,* " "
GEORGE LUCKEY, " "
VACHEL WORTHINGTON, " "
WILLIAM GREENE, " "
EDWARD KING, " "
JEPTHA D. GARRARD, " "
SIMON PERKINS, Warren, Trumbull county, Ohio
ELISHA WHITTLESEY, Canfield, " "
ALFRED KELLEY, Columbus, Franklin co, "
NOAH SWAYNE, " " "
DANIEL KILGORE, Cadiz, Harrison co., "
SAMUEL FORRER, Dayton, Montgomery co., "
ISAAC CARROW, of the city of New York.
GOOLD HOYT, " "
JAMES G. KING, " "
WALTER BOWNE, " "
ARTHUR BRONSON, " "

OFFICERS.

MICAJAH T. WILLIAMS, President.
SAMUEL R. MILLER, Secretary.
J. N. PERKINS, Cashier.
VACHEL WORTHINGTON, Solicitor.

* Resigned.

BY-LAWS

OF THE

OHIO LIFE INS. AND TRUST COMPANY.

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1. There shall be a biennial meeting of the stockholders on the 30th day of September, in the year 1836, and every second year thereafter, for the election of trustees to fill the vacancies occasioned by the expiration of the term of service of the trustees, agreeably to their classification under the charter. And in any year when the thirtieth of September shall fall on Sunday, such meeting shall be held on the next preceding day.

2. The officers of the company shall consist of a president, a secretary, a cashier, a solicitor, and such other subordinate agents, clerks and assistants, as the board of trustees shall from time to time appoint. Each of whom, except the president, shall be removable by a resolution of the board.

3. The president, secretary, and cashier, shall each give bond for the faithful performance of his duties, with sureties to be approved by the board; the president, in the penalty of twenty thousand dollars; and the secretary and cashier, each in the penalty of ten thousand dollars; which bonds shall be annually renewed; and new or additional sureties may at any time be required by the board. Every such bond shall be so drawn as to remain in full force until another be substituted; and shall be deposited for safe keeping with a member (other than the president) of the committee of finance.

4. There shall be a meeting of the trustees on the first day of October, annually; at which, a majority of the trustees shall meet for the purpose of electing a president, and such other officers of the company, and committees, as may be elective at such meetings. But when the first day of October in any year, shall fall on Sunday, such meeting, for that year, shall be on the next succeeding day.

5. The president shall have the general superintendence of the affairs of the company. He shall preside at all meetings of the trustees. He shall be a member, ex officio, of all standing committees. He shall attend the meetings of any special committee when required by the chairman; and in all cases where the duties of subordinate officers and agents of the company are not specially prescribed by the by-laws, rules, or resolutions of the board, they shall obey the instructions of the president. In case of sickness or temporary absence, he may appoint in writing, a president pro tem. to perform the duties of his office.

6. It shall be the duty of the secretary to keep a record of the proceedings of the board of trustees, excepting those relating exclusively to the banking department; to countersign and keep a record of all policies of insurance issued, all contracts for the grant or purchase of annuities, and all other contracts made with the insurance and trust department, all certificates granted for moneys received in that department on trust or on deposit, all conveyances or releases of lands owned by, or mortgaged to the company, when the same shall have been sold or the mortgage discharged; to superintend the keeping of all the books and accounts relating to the concerns of the company, other than the banking department; carefully to observe the conduct of all persons employed under him, and to report to the board such instances of neglect, incapacity or bad conduct as he may discover in any of them, to give such information to the board as may be required, and also to give the committees of finance, investments and trusts such information as they may require touching their duties respectively.

7. It shall be the duty of the cashier to countersign all bills or notes designed for circulation agreeably to the orders of the board—carefully to observe the conduct of all persons employed under him, and report to the board all such instances of neglect, incapacity or bad conduct as he may discover in any of them; daily to examine the settlement of the cash account of the banking department, take charge of the cash, and whenever the actual amount materially disagrees with the cash account, to report the same without delay to the president and trustees—to lay before them on every account day a general statement of the accounts of his department—attend all meetings of the board held on business relating to the banking department, give such information as may be re-

quired, and keep a record of the proceedings of such meetings, and perform such other services as may be required of him by the board.

8. There shall be a stated meeting of the trustees on the first Tuesday in every month, to which a report shall be made by the president of the concerns and business of the company during the past month; stating particularly the contracts that have been made, the sums of money received, on what account and on what terms, the manner in which the same or any moneys previously on hand have been invested, and the amount then remaining on hand.

9. Six trustees shall be a sufficient number to form a quorum for the transaction of ordinary business. But no by-law shall be adopted, nor any by-law, standing rule, or regulation, previously adopted at a meeting at which a majority of the whole number of trustees were present, shall be altered or changed except at a meeting at which a majority of the trustees shall be present; and upon a report of a committee appointed for that purpose, a copy of which report shall be transmitted to each of the trustees, at least thirty days previous to the meeting, at which it shall be proposed for adoption; nor shall any such by-law be adopted, or by-law, standing rule, or regulation, altered or changed, unless three fifths of the whole number of the trustees shall assent thereto, either in person or by letter directed to the secretary, and laid before the board at such meeting, nor unless a majority of the trustees present shall assent thereto.

10. The president may call a special meeting of the trustees whenever he shall deem it proper: and it shall be his duty to call such meeting whenever any three of the trustees shall require him in writing so to do.

11. The affairs and business of the company shall be managed and conducted in two separate departments: the first to be denominated the Insurance and Trust Department; the second the Banking Department.

All business relating to insurance on lives; granting and purchasing annuities, or making any other contract involving the interest or use of money and duration of life; receiving moneys in trust to accumulate at any stipulated rate of interest; accepting and executing trusts of every description; investing the capital stock and any other funds, received in trust or on deposit, in real estate securities; or loaning any such funds

other than capital, on a pledge of stocks, certificates of deposits or public securities; holding and managing any lands granted to the company with general or special covenants, or taken in payment of debts and selling the same, shall be managed by the Insurance and Trust Department.

All the banking powers conferred on the company by the twenty-third section of the charter, together with the power to buy and sell drafts and bills of exchange conferred by the second section, shall be managed by the Banking Department.

12. The business of the Insurance and Trust Department shall be superintended and directed by three standing committees, each to consist of at least three trustees, including the president, to be elected semi-annually at a meeting of the board, at which at least a majority of the whole number of trustees shall be present, and to hold their appointment until their successors shall in like manner be elected: to wit, a Committee of Finance, a Committee of Investments, and a Committee of Trusts.

13. The Committee of Finance shall superintend and direct all investments that shall be made of the funds of the company, other than the funds of the Banking Department, in stocks, certificates of deposits, or public securities, in pursuance of the eleventh by-law, and shall receive and audit all accounts against the company.

14. The Committee of Investments shall superintend and direct all investments that shall be made of the capital and other funds of the company in real estate securities.

15. The Committee of Trusts shall have the general superintendence of all special trusts, and no guardianship, receivership, or other special trust shall be accepted by the president in behalf of the company, without their approbation and concurrence, excepting such special trusts as shall be conferred on the company by a court having competent jurisdiction; nor without their approbation, shall any moneys be received in trust on which a greater interest than four per cent. shall be allowed.

16. The board shall determine what funds of the company, other than its capital, shall be invested in real estate securities, and what in personal securities.

17. The moneys of the company shall be deposited in the Banking Department; and for all moneys belonging to the Insurance and Trust

Department deposited for banking purposes, and in such other cases as the board may direct, the Banking Department shall be charged with the same or similar rates of interest as are allowed by the insurance and trust department on the same or similar deposits.

18. Fair, full and regular accounts of debt and credit shall be kept by each of the departments of the company with the other department thereof.

19. The secretary and cashier shall each make out a statement of the business and condition of his department, and a statement of the profits and losses which have accrued during the six months next preceding the making such statement, and furnish the same to the committee of finance at least ten days before the day of declaring a dividend of the profits of the company semi-annually; and the committee of finance shall, after ascertaining the correctness of such statements, make a full report thereon to the board, in which they shall set forth distinctly the profits (and losses if any) of each department and branch thereof, with the suspended debt, together with their opinion of the amount which it is expedient to divide.

20. Every report of a standing or special committee shall be in writing, and signed by the members of the committee assenting thereto.

21. Regular minutes of the proceedings and resolutions of each committee shall be kept in books to be provided for that purpose; and each committee shall make monthly reports of its proceedings to the board.

22. The seal of the company shall be under the exclusive charge of the president, and shall not be affixed by him to any conveyance, assignment or transfer of any of its real estate, or of any of its effects exceeding in value one thousand dollars, unless authorized by a previous resolution of the board; nor to any other instrument whatever, without the consent of a majority of one of the standing committees, excepting to contracts for the insuring of lives, and granting annuities, certificates acknowledging satisfaction on mortgages, or deeds of trust, certificates of stock, deposits, or other evidences of debt issued by the officers of the company in the transaction of its ordinary business.

23. The company shall not purchase real estate on which debts are secured at a greater price than is necessary to secure the collection of the debt and to save the company harmless.

24. If the company become the holder of real estate by purchase made

for the collection or security of its debts, the same shall be sold as soon as the amount necessary to save the company harmless can be realized from such sale.

25. Except for the purpose of securing suitable offices and conveniences for the transaction of business, and for the purpose of collecting debts or preventing loss of money secured on real estate, the company shall not directly or indirectly hold any such estate.

STANDING RULES

FOR THE

GOVERNMENT OF THE INSURANCE AND TRUST DEPARTMENT.

FIRST.—IN RELATION TO INVESTMENTS IN REAL ESTATE SECURITIES.

1. Loans shall be made only on the fee simple estate of lands, tenements, and hereditaments.

2. Loans on real estate shall in no case exceed one-half the estimated value thereof; nor shall a loan in any case exceed the value of the land, independent of the buildings thereon.

3. The provisions of the charter limiting the proportion of the capital to be secured on real estate, in any one county, shall be extended to all loans made by the insurance and trust department on real estate.

4. In determining the value of real estate, the buildings, or improvements, subject to destruction by fire, or otherwise, shall not be estimated at a greater value than the amount insured thereon.

5. Such buildings, or other improvements, shall be kept constantly insured, at the expense of the mortgager, or borrower, by the agent of the company.

6. Whenever insurance on such buildings, or other improvements shall expire, or be about to expire, and a policy of insurance cannot be again effected on such buildings, or other improvements, to the amount of their estimated value at the time of making the loan, in consequence of decay, or otherwise, the borrower shall be required to furnish additional real estate security to the value of such deficiency, and in default of his doing so, on demand of the agent, the sum loaned shall be immediately collected.

7. When security shall be offered, by the fee simple owner, for a loan on real estate, leased for a term exceeding one year, the value of such

real estate shall not be estimated at a greater sum than that of which the rent, payable annually, is the legal interest.

8. When security for a loan, shall be offered, on real estate, contracted to be sold by the person offering the same, as security, such real estate shall not be taken, as security for a greater sum than the amount remaining unpaid on the contract, at the time of executing the mortgage; and the contract, and other securities, if any, for the purchase money, shall, moreover, be assigned to the company, with authority to collect and receive the payments.

9. No loan of capital, secured on real estate, shall be made for a less sum than one hundred, nor more than twenty thousand dollars.

10. All loans, secured on real estate, shall provide for the payment of seven per centum, per annum, interest thereon payable semi-annually, computing from the date of the note or bond given therefor, until the principal shall be fully paid. But in case the loan is not made at the date of such note or bond, the secretary shall indorse thereon the actual date of the loan, at which time the money shall be paid, or placed to the credit of the borrower, on the books of the company, and interest shall commence from that date.

11. Loans may be made on the assignment of bonds, or notes, secured by mortgages, to an amount not exceeding four-fifths of the amount so secured by said mortgages, and not exceeding half the value of the real estate mortgaged; provided the borrower shall execute his bond, or note for the amount borrowed, in pursuance of the tenth and twelfth rules.

12. For all loans made on real estate security, notes or bonds shall be taken, payable on demand, with powers of attorney to enter up judgment thereon, at any subsequent time.

13. If, at any time, there shall be a failure to pay the interest accruing on any bond, or note, at the time the same shall be due; or on a failure to comply with any requirements of the company, for the preservation of the security, judgment shall be immediately entered for the principal and interest due thereon, or the mortgage, or deed of trust, shall be immediately foreclosed, or sale had as the case may require.

14. The borrower may at any time pay on his principal debt, any sum not less than one hundred dollars.

15. It shall be the duty of the agents in the several judicial circuits, on the application and at the expense of the person applying for a loan,

to be secured on real estate, to investigate the title of the real estate offered as security for such loan; to ascertain as nearly as practicable, the value in cash; to furnish to the applicant for the purpose of being transmitted to the secretary of the company, a full and complete schedule and abstract of the material parts of the title papers or records thereof; and, also, of all adverse claims, legal and equitable, to such estate, so as to enable the solicitor to judge correctly of the validity of the title; together with his own opinion of its validity, and also a pertinent description of the property—his opinion of its value, and the data upon which such opinion is formed; and, also, to see that buildings, or other improvements, liable to destruction, on lands mortgaged to the company, be kept constantly insured, whenever the improvements enter into the computation of the value.

16. The agents appointed in the several judicial circuits, shall, in relation to effecting loans on real estate security, be considered the agents of the company only so far as regards the investigation of titles, and ascertaining the value of the real estate, offered as security for loans, and for the purpose of effecting insurance on buildings, or other improvements, on property mortgaged to the company.

17. On application for a loan to be secured by real estate, there shall be a statement by the agent of all charges made, or to be made by him against the borrower; and of all other expenses which the borrower is put to in obtaining the loan. Which statement shall accompany the papers on which application is made.

18. It shall be the duty of the solicitor, carefully to examine all title papers, or abstracts therefrom, relating to the title of real property, offered as security for loans, and to furnish the president his opinion in writing thereon.

SECOND—IN RELATION TO TRUSTS AND DEPOSITS.

1. No sum of money less than one hundred dollars shall be received in deposit.

2. All moneys deposited in trust, for a shorter time than one year, shall be deposited for a certain number of months, not less, in any case, than two months from the date of the deposit.

3. Interest, at the rate of three per cent. per annum, will be allowed on sums deposited for a term not longer than four months; for a term exceeding four months, and less than a year, four per cent.; for a year, four and a half per cent.; and when the time of deposit shall exceed a year, the rate of interest shall be settled by special agreement.

4. In all cases where moneys deposited shall not be withdrawn at the expiration of the time of deposit, they shall remain with the company for another period not less than thirty days, and the same rate of interest shall be allowed thereon, as if originally deposited for the extended period.

5. When the term of deposit shall exceed a year, interest may be made payable before the principal shall become due, annually or quarterly, as may be agreed on; but when the deposit shall be for a shorter term than a year, no interest will be paid until the principal becomes due.

6. Where moneys, deposited in trust for a period less than one year, shall have remained in deposit sixty days, the same may be withdrawn at any time thereafter, and before the expiration of the original term of deposit; but, in such cases, no interest shall be paid on such deposit, nor shall any deposit, exceeding in amount one thousand dollars, whether made for a less time than, or exceeding one year, be withdrawn without three day's notice.

7. Certificates of moneys received in trust, specifying the duration and terms of the trust, shall be issued when required; but, in such cases, the moneys so received shall only be payable when due, on the production and surrendry of the certificates issued therefor.

8. The foregoing rules shall not extend to moneys deposited by order of any court, agreeably to the provisions of the charter.

THIRD—IN RELATION TO TRANSFERS.

1. Books for the entry and transfer of stock, and of certificates of moneys received by the company in trust, shall be kept at the office of the company, in Cincinnati, at such place in the city of New York as the board of trustees shall from time to time appoint, and at such other place or places as the board shall hereafter designate.

2. Owners of stock, and moneys deposited in trust, may have the same entered on the books of entry and transfer, at any of the offices at which books of entry and transfer are kept, and receive a certificate or certificates, in such portions or sums as they may elect; and transfers thereof, from one owner to another, shall only be made on the books at the office from which such certificates were issued.

3. Transfers of stock, and certificates for moneys received in trust, may be made from one transfer office to another, upon the surrendry of the certificates at the office from whence they were issued, taking therefrom transfer certificates and depositing the same in the office to which the transfer is to be made.

4. No transfer of stock, or certificate of deposit, shall be made, so as to change the legal ownership thereof, except upon the transfer book at the office where it shall be entered; and no such transfer shall be made, unless on the surrendry of the certificate, or certificates, except in cases of loss, as provided in the sixth rule.

5. No new certificate or certificates of stock, or moneys received in trust, shall be issued, except upon the surrendry of the certificate or certificates, previously issued therefor, or proof of their loss, as provided in the sixth rule.

6. If any person shall claim a certificate of the stock of the company, or a certificate of deposit, to be issued in lieu of one lost or destroyed, he shall make an affidavit of the fact and circumstances of the loss, or destruction, and shall advertise in one or more of the public newspapers, in the city where the certificate so lost was issued, for the space of six weeks, an account of the loss or destruction, describing the certificate, calling on all persons to show cause why a new certificate should not issue in lieu of that lost; and he shall transmit to the company his said affidavit and the advertisement, and give to the company a satisfactory bond of indemnity, with one or more sureties, if required, in double the amount of the certificate so lost, against any damage that may arise from issuing a new certificate: Whereupon, six months after the notice by advertisement, as aforesaid, the president shall issue a new certificate of the same number and tenor with that said to be lost or destroyed, and specifying that it is in lieu thereof.

7. Transfer books of stock shall be closed in Cincinnati ten days, and in New York twenty days, previously to the days of declaring dividends,

semi-annually, and of holding the election for trustees, biennially, and remain closed until after the days of declaring dividends, or of holding elections as aforesaid.

8. Within two days after the closing of the transfer books of stock in the city of New York, and at any other place, except in Cincinnati, where transfer books may hereafter be opened, the agent keeping such books shall make therefrom an abstract of all transfers made since making the last previous return, and transmit the same to the office of the company in Cincinnati.

STANDING RULES FOR THE GOVERNMENT OF THE BANKING DEPARTMENT.

1. No discount shall be made unless three-fourths of all the trustees present shall agree to the same, nor unless the president and at least three of the other trustees shall be present and assent thereto.

2. No note, bill, or other obligation (except bills of exchange payable abroad), which has more than one hundred days to run, shall be discounted; and on all paper discounted, payment shall be exacted at maturity; and no discount shall be made with any understanding, express or implied, of any connection between the payment of one note, or bill, and the discount of another.

3. In no case shall a note, bill, or obligation, be discounted, when either the maker, drawer, accepter, or indorser thereof shall be under protest at the bank.

4. Whenever a note, or bill, shall be protested for non-payment; or a claim of any description shall be considered doubtful, it shall be charged to an account to be called suspended debt.

5. There shall be a standing committee to whom shall be committed the care of the notes, bills and other claims, charged to suspended debt, whose duty it shall be to take all proper means for the security and collection of the said notes, bills and other claims, and to report to the trustees from time to time.

FROM PAPERS IN NEW YORK OFFICE.

New York, Sept. 19, 1848.

G. S. Coe, Esq., *Cashier:*

Dear Sir: Wm. M. Vermilye having resigned the cashiership of the Ohio Life Insurance and Trust Company of Cincinnati, Ohio, to take effect on the 1st prox., and as you have been appointed his successor, it becomes necessary that you should have some instructions for your government, in the discharge of the duties which will devolve upon you; and

1st. You will loan any moneys in your hands *only* on a pledge of United States Government stocks or securities, on the stocks of the States of Maine, Connecticut, Massachusetts, Ohio, New York or Kentucky; or on the stocks of banking institutions, located in the cities of Philadelphia, New York or Boston, or on the bonds of the cities of New York or Boston, which stocks when you make a loan shall be worth par,—and no loan shall be made on either of the above named stocks or securities, exceeding ninety per centum of its par value; and further, any and all loans so made by you shall be subject to payment, at not exceeding ten days notice.

2d. You are not to suffer any banking institution depositing with you to overdraw their account beyond the sum of twenty thousand dollars, and no individual depositor beyond the sum of ten thousand dollars, and then only unless you have sound and safe available collateral securities to twice the amount of said overdraft.

3d. In reference to sterling and other foreign bills of exchange, you will not render this company liable by indorsement or otherwise, except so far as they may come under your charge, direct from the company at Cincinnati; and should you receive any foreign bills of exchange from any of your depositors or correspondents for sale, you will dispose of them upon their own merits, without rendering this company liable in any form whatever.

The trustees of the company in this city are, John J. Palmer and J. N. Perkins, Esqrs., with whom you will consult freely and fully on all matters of moment and interest to the company.

Very resp'y,

C. STETSON,

Pres't Ohio L. Ins. & T. Co.

September 20, 1848.

P. S. In addition to the instructions already given you, as to what se-

curities you may loan upon, I have to add, that if you find it needful, you are at liberty to loan within ten per cent. of the market value of stocks in such banks of this city, as may be considered, on proper investigation and inquiry, to be safe and available in case of need of disposal.

Resp'y, C. STETSON,

Pres't Ohio L. Ins. & T. Co.

EXTRACTS FROM THE MINUTE BOOK AT CINCINNATI.

CINCINNATI, 14th Feb., 1855.

Board met. Present, C. Stetson, Prest.; Messrs. J. C. Wright, Parkhurst, Deitrich, Enyart, Broadwell, Keys, Luckey, Taylor and Fosdick.

On motion of Mr. Fosdick, it was unanimously resolved, that Edwin Ludlow be appointed cashier of this company in New York, in place of C. W. Rockwell, resigned.

Resolved, That the president in communicating to Mr. Ludlow the notice of his appointment, make known to him—

First. That the trustees, from circumstances that have transpired from time to time at the agency in New York, have been forced to the conclusion that the leading motives for establishing and continuing said agency have been misunderstood. That its creation was, and its continuance is, for the sole purpose of affording facilities here, and not with the object of making loans at the agency, when the funds can be employed here with safety, nor for any direct profits expected from said agency.

Second. That any pledges or encouragement heretofore given out at the agency to depositors that they can rely on advance of funds where called for by them, should be withdrawn at the earliest period that the same can be done without prejudicing the interests of the company.

Third. That the existing loans be called in and reduced with as much promptness as circumstances will warrant.

Fourth. That for all loans hereafter made, the assent or approval of one or more of the trustees in New York shall be had; and no loan shall hereafter be made without good and available stock as collateral security, with a margin of at least 20 per cent. excess between the mar-

ket value of the stock and the amount of the loan, which margin shall be kept good during the continuance of the loan, and all loans shall be subject to payment on not exceeding five days notice.

Fifth. In no case shall a loan be made on the stock of this company.

Sixth. The cashier will transmit weekly a brief statement of the loans made, giving the name of the actual borrower, amount, security, rate of interest, subject to what notice for payment, and the name of the trustee assenting.

Seventh. The trustees of the company are of the opinion, that the interests of the institution will be more promoted, by having the agency regarded as a place where borrowers can be accommodated at low rates of interest on unquestionable securities, than where loans are made at higher rates on questionable securities.

Adjourned.

W. GREENE, Secy.

June 29, 1855. A resolution is passed--all directors voting for it except Taylor:

"Requiring C. Stetson to visit London, and such other money markets of Europe as he may deem expedient, with a view of consummating a permanent increase of banking capital, with full powers to effect a loan or loans, and as to rate of interest, and to pledge the faith and property of the company."

Mr. Stetson was also authorized to sell $200,000 of the Cincinnati, Hamilton and Dayton Railroad bonds held by the company, *with guarantee of the Trust Company.*

J. C. Wright, S. B. Keys, G. J. Stedman, S. Fosdick, C. Dietrich, G. Luckey and G. Crawford voted for the latter.

S. C. Parkhurst, C. G. Enyart, S. J. Broadwell and A. M. Taylor voted against it.

Oct. 31, 1855. A loan of $100,000 at the New York office to the Marietta Railroad Company is approved--the collateral securities to be fixed up in New York.

Dec. 11, 1855. Voted to subscribe $25,000 to the stock of the Branch of the State Bank of Indiana at Lawrenceburgh.

Jan. 18, 1856. A memorial is passed unanimously, asking the General Assembly for the restoration of the power, formerly possessed, to issue bank notes.

Jan. 23. The following preamble and resolution adopted :

WHEREAS, The trustees in New York having asked a reconsideration of a proposition of W. W. Gilbert, of New York, for a credit predicated on a contract between him and the Cleveland and Pittsburgh Railroad Co., submitted to the board in December last, and at that time declined, a reconsideration having been had on the ——th inst., with the same result—yet, at the suggestion of one of the board adverse to the matter, the same has been again submitted this day, and the following resolution adopted :

Resolved, That this board, believing that the trustees residing east are in a better position to judge of the expediency of granting the application of Mr. Gilbert, the same be referred for their action, with the recommendation that it be carried out, if in their judgment it can be done with entire safety to this company, and that it is important to their interests in view of the existing liability of Mr. Gilbert to this company.

Those who voted *yea* were, S. Fosdick, J. C. Wright C. Dietrich, G. F. Stedman, S. B. Keys and G. Luckey.

Nays. N. Wright, C. G. Enyart and S. J. Broadwell.

Feb 17, 1856. A resolution was passed authorizing a subscription of $20,000 to Vincennes Branch of State Bank of Ohio, as proposed by the cashier (J. Ross) thereof.

March 20, 1856. G. S. Goe is appointed register of Trust Company stock in New York.

May 10, 1856. Resolution passed authorizing the officers to execute the necessary papers, so as to make the Trust Company the security for $100,000 for the Ohio State transfer agent in New York, Mr. Bull.

Nov. 10, 1856. Resolution is passed that Messrs. Keys & Parkhurst be a committee to visit the Bank of Kanawha in behalf of this company, with a view of securing the liabilities of said bank to this company, and to this end, they are authorized to accept the bills receivable, or such other securities as they may deem expedient, in liquidation of the whole or any part of said claim ; and they are hereby further authorized to adopt such other measures to protect and further the interests of this company as they may deem expedient.

March 17, 1856. The following resolution had been adopted in pursuance of a letter, which will be found in another part of this report, from W. W. Cones :

"*Resolved*, That this company will receive on deposit the notes of the Kanawha Bank, as soon as advised, that the banks at Wheeling and those in south Ohio shall receive and pay out the same; also, that the said Kanawha Bank shall redeem from this company their notes every Saturday or oftener, whenever the amount shall reach $2,500.

Yeas—J. C. Wright, C. G. Enyart, S. B. Keys, S. J. Broadwell, G. J. Steadman, S. Fosdick.

Nays—S. C. Parkhurst, C. Dietrick.

March 22, 1856. The contract, a copy of which will be found in another part of this report, and which was executed between the Bank of Kanawha and the Marietta R. R. Co., will explain still further the circumstances and causes which caused the appointment of the committee in November.

The report of the committee was made November 26, 1856, a copy of which is also to be found in another part following these minutes of this report. Also, Mr. Nye's estimates of the chance to make money out of the Kanawha Bank, when the following resolutions were adopted:

December 13, 1856. This board being advised by the report of the banking department and of the committee heretofore appointed, that the affairs of the Kanawha Bank are in such condition, that it cannot immediately discharge the balance due this company, and that great loss would be occasioned by an effort to coerce payment at this time by resort to legal means; and being also advised of the willingness of said Kanawha Bank to place its affairs under the control and management of more competent officers to the satisfaction of this board, and in case it shall receive indulgence and aid to enable it to prosecute its business, of its determination to pay off the balance due this institution in full, therefore, on motion of J. C. Wright,

Resolved, That it is expedient for this institution to afford such aid and indulgence and to effect that object, that A. S. Nye, Esq., of Chillicothe, be invited to come to this city, to confer with this board on that subject, and to devise some plan for carrying the aforesaid object.

The committee to confer with Mr. Nye was the president, and Messrs. Luckey, J. C. Wright, and S. B. Keys.

December 17, 1856. The following occurs: "The committee heretofore appointed on the subject of the Kanawha Bank having reported, that they had conferred with Mr. Nye of Chillicothe, made several sug-

gestions as to the plan of aiding said bank to secure the ultimate payment of the debt due this institution, recommend, that Mr. Nye be invited to confer with the board on that subject, which was agreed to, and Mr. Nye being introduced, a free conference was had, after which, on motion of Mr. Fosdick, the following resolution was adopted, to wit:

WHEREAS, This company holds a large amount of the circulation of the Kanawha Bank, received in due course of business, and which said Kanawha Bank is unable promptly to redeem; and whereas, it is believed that with some temporary aid from this company said bank may be able to redeem said notes and ultimately to meet all its engagements; and whereas, A. S. Nye, Esq., of Chillicothe, in the opinion of this board, is both suitable and competent to take charge of said bank, as its cashier; and it being understood the appointment of Mr. Nye as cashier would be acceptable to said bank,—now, in view of these facts,

Resolved, That the president, together with Messrs. J. C. Wright, G. Luckey and S. B. Keys, be a committee with authority, (under the advice of the solicitor of the company) to arrange and carry out the object intended.

March 17, 1857. A resolution is passed, saving C. Stetson, J. C. Wright, S. Fosdick, G. Luckey, A. M. Taylor, S. B. Keys, G. J. Stedman, C. Dietrick and S. C. Parkhurst, harmless, as they have gone security for $100,000 for S. T. Bull.

The company's security was not deemed proper by the State officers, and the trustees therefore went security.

April 27, 1857. An order passed to purchase $27,500 of Dayton and Western Railroad bonds at 55c.

June 19, 1857. Resolution passed agreeing to lend the State of Ohio the sum of $150,000 to meet the July interest—the Bliss-Breslin-Gibson defalcation having just become known.

Aug. 24, 1857. The following telegraphic dispatch was received from New York:

S. P. Bishop, Cashier:

Suspension unavoidable, it has already taken place.

C. STETSON.

The board was at once called together, and on motion of Mr. Taylor, a dispatch was sent to New York asking instructions, and the following answer was received:

S. P. Bishop, Cashier.

I see no other course than for you to close your doors.

C. STETSON.

Aug. 24, 1857, 3 o'clock. On motion of J. C. Wright, it was

Resolved, To suspend temporarily in the morning.

An effort was, however, made during the evening, to try by the aid of the bankers of Cincinnati and Covington, to weather the storm, but the effort proved unsuccessful, and next morning the following announcement was fastened to the doors of the Company:

The Ohio Life Insurance and Trust Company.—Having very unexpectedly received advices from New York that the office of this company in that city had suspended this day, the Board of Trustees deem it expedient to close its doors and suspend payment until they can be fully advised of the true condition of that office. The Board of Trustees also deem it proper to say to the public that they regard the means of the company ample to meet all its engagements; and that early steps will be taken to resume business.

By order of the Board,

S. P. BISHOP, *Assist. Cashier.*

August 24, 1857.

P. S. The collection paper will be found at the Bank of Groesbeck & Co., and the discounted paper in the room of the Trust Department of this company.

S. P. B., *Assist. Cashier.*

Aug. 26, 1857. A resolution was passed "requesting the president in New York to forward a detailed statement of the affairs of the company, the names of borrowers, the amount of liabilities, and the nature of securities, with his estimates of the probable loss in that office." A letter to this effect went by mail.

On motion of Mr. Broadwell, a telegraphic dispatch was also sent to the president as follows:

"Have you written or sent us a statement? We have heard nothing as to your true condition. We are receiving checks in payment of debts due and due in both departments. Board waiting for a reply."

The following dispatch came in reply:

"Wholly impossible to render any statement of any value to you; can have none for several days. I have written to you and will do so every day. C. STETSON."

A. M. Taylor thereupon offered the following resolution:

Resolved, That until further information regarding the condition of the office in New York, the board deem it advisable not to receive checks on this company in payment of obligations not yet matured." This was laid upon the table, on motion of Judge Wright.

Aug. 27, 1857. On J. C. Wright's motion,

Resolved, That we receive checks from creditors on their cash balances, standing to their credit in New York office, in payment of loans and debts due in both departments, where the person paying the same has authority.

It was also ordered, that whenever the real state shall be exhausted by attachments, that the secretary be ordered to hand over to the sheriff bonds and stocks sufficient to satisfy the claims under which orders of attachment are out.

Aug. 29, 1857. Messrs. Scarborough and Hooper were requested to visit New York, there to aid the president in his efforts to clear up the difficulties.

Same day. On motion of Judge Wright,

Resolved, That this company will settle and pay off the cash balances appearing to be due to the branches of the State Bank of Ohio, and to other banks, by passing over to each notes and securities for the amount due, without recourse, on condition, that each of said banks discontinue at their own costs any suit, which may have been commenced to enforce collection of their claims. Errors to be corrected, but no guarantee of solvency.

Sept. 3, 1857. Bank at Ironton and also Bank at Ashland got Junction Railroad real estate bonds, at par.

Sept. 10, 1857. A resolution passed appointing an executive committee to aid the officers in their severe labors, Wright, Broadwell and Keys.

Also, authorizing officers and executive committee to use all funds necessary to resist all legal proceedings or annoyances of suits against.

Also, that the State of Ohio and its counties be settled with, as was done with State bank.

Sept. 9, 1857. Resolution passed to pay over to Anthony Harkness agent of Manufacturing Bank of Providence, Rhode Island, $35,000 of the bank notes issued by said bank, said bills being their property.

Sept. 14, 1857. Resolution passed to get the opinion of solicitor, whether funds can be set aside, to satisfy—

1. Notes in circulation.

2. Deposits made by order of court and otherwise, in trust for accumulation.

3. To meet liabilities in policies of insurance.

4. Whether we can regard policies of insurance as other contracts to be settled with on fair and equitable principles.

Sept. 16, 1857. Trust Company buildings sold for $125,000, to Merchants' Bank of Cleveland.

Sept. 15, 1857. Preamble and resolution passed to make an assignment, to be properly executed and placed with executive committee.

Sept. 21, 1857. Ordered, that the cashier and secretary pay out bonds, and stocks held by the company to depositors at their face, dividing said securities in two classes, 1st and 2d to be paid out in equal proportions.

Sept. 24, 1857. J. C. Wright offered the following:

Whereas, it is now made apparent to the board of trustees, that the recent astounding and reckless waste of the assets of the company in the office in New York, has so reduced its available means, that they are inadequate to pay its debts in full;

And whereas, it would violate the trust and confidence reposed in the board of trustees to continue in that state of the case the payment of demands in full, as by so doing, among other things, facilities are afforded to the most pressing and urgent creditors, and to speculations in checks, to obtain full payment, by exhausting the means of the company, while the confiding creditors, who rely upon this board to make an equitable appropriation of its means, among all the creditors, are left wholly unprovided for; therefore,

Resolved, That a suspension of payment is imperatively called for, by a sense of duty and of justice, and that such suspension is hereby ordered.

Ayes—S. C. Parkhurst, G. Lucky, J. C. Wright.

Nays—C. Dietrich, G. Crawford, C. T. Stedman, S. J. Broadwell, G. C. Enyart, and S. Fosdick.

Whereupon, Judge Wright offered his protest against the continuance of full payment to the creditors, who first present their demand.

Same day. A resolution was passed, to continue exchanging securities, disposing of real estate and other assets for claims against the company.

Same day. Illinois lands sold to Baker Hunt & Co. for $6,200.

It was also ordered to sell unimproved lands in Ohio for $6 per acre.

Sept. 26, 1857. *Assignment* made and duly executed to C. Stetson, J. C. Wright, S. Fosdick, S. J. Broadwell, G. Crawford, A. M. Taylor, and C. Dietrich.

Oct. 15, 1857. Messrs. Lucky, Stedman and Enyart ordered to have plates for bank notes destroyed, and notes on hand and redeemed burned.

Dec. 1, 1857. Settled with Beebe & Co.

Aug. 4, 1858. The following letter is on the minutes:

"*To E. Ludlow:*

At a meeting of the assignees held yesterday and continued until today, your proposition of July 24th, accepted by our committee when in New York, subject to the ratification of the assignees here, was this day ratified.

The release therein provided for will be given on your complying with the terms of your proposition and the delivery of the property therein specified to the assignees in Cincinnati, within 20 days from this date.

The following receipt was given:

CINCINNATI, Aug. 18, 1858.

Received from Edwin Ludlow, seven thousand dollars, part in coupons, past due of mortgage bonds of Cleveland and Pittsburgh Railroad Company, and part in cash, and thirty-five thousand dollars of third mortgage bonds of said company, which with other property heretofore received, in pursuance of the agreement for a compromise heretofore made, is taken in full satisfaction of all claims, demands and accounts between the Ohio Life Insurance and Trust Co. and said Ludlow.

By order of assignees of Ohio Life Insurance and Trust Co.

(Signed) S. J. BROADWELL, Chairman.

The foregoing final arrangement with Ludlow was doubtless the result of putting Stanley Matthews in confidential relation with E Ludlow, as authorized by assignees.

June 24th.

To Geo. S. Coe:

On the 30th we received a telegraph from Mr. Lane, stating that he had drawn upon us. After consulting with the assignees, it was decided not to pay his draft for the balance of $1,000, the account being still unadjusted. His draft for one thousand dollars was presented and not paid. This evening I received the following dispatch: "My draft not being paid, the sale will go on; have handed my account to sheriff." This is a most extraordinary proceeding on the part of Mr. Lane. It appears from the tenor of his letter and telegraph, that it is an attempt on his part to coerce a judgment of his claim, even at a sacrifice of our interest.

The assignee will not thus be forced on to the payment of what they consider an exorbitant demand, and Mr. Lane must be informed that our interests are not thus to be trifled with.

C. STETSON.

CINCINNATI, September 8, 1858.

To the Creditors and Stockholders of the Ohio Life Ins. and Trust Co.:

The assignees of the Ohio Life Insurance and Trust Company, present to its creditors and stockholders the annexed statements, showing, as nearly as it is now in their power to show, the condition of its affairs at the office in Cincinnati, and at the agency in New York.

The delay in the presentation of these statements (deeply regretted by the assignees), has resulted from causes entirely beyond their control—causes which still prevent more than an approximate statement of the liabilities and assets of the company, as well as the final settlement of the trust confided to the assignees.

It will be sufficient to name a few of the causes of the delay and embarrassment attending the investigations of the assignees. Take the following for examples:

1. The confused condition of the books and papers at the agency in New York, which rendered it impossible to ascertain, from those books and papers, the actual state of many of the most important of the numerous accounts in that office, that is to say:

That many entries for large amounts of, both debits and credits, had been entirely omitted.

That many erroneous and false entries for large amounts had been made on the books.

That many of the securities held at the office as collateral to loans had been separated from the obligations, to secure which they were held, and again pledged to secure money borrowed, in some cases in the name of the company, not only without the knowledge or authority of the trustees, but against their express instructions. Also, that a large amount of the bills and notes forwarded by correspondents for collection only, had been pledged in the same way. Of these transactions, the books and papers afforded no reliable evidence, and, so far as they related to parties with whom the company had accounts, required the interchange of full transcripts of the accounts, and a comparison of the items, to reconcile the discrepancies. This required much time. In some cases, the request of a transcript has been met with neglect, and in others, by a refusal to forward any account.

Much time was required to obtain detailed accounts from correspondents. Repeated claims for the credit of items omitted, of the correctness of which no evidence was found, also occasioned delay and embarrassment.

All the books and papers in the office of the New York agency were in the custody of the sheriff, held under numerous attachment suits, requiring the examinations by the assignees to be conducted with his permission, and under his supervision and that of his deputies.

2. A very large number of law suits had been commenced, immediately after the suspension, against the company, in various places in the States of New York, Ohio, Virginia, Kentucky and Indiana, and in the cities of Boston, Hartford, Philadelphia, Baltimore, St. Louis, Nashville and New Orleans. In these suits, each plaintiff hoped, by attaching the credits of the Trust Company, to secure to himself full payment, and the suits have been vigorously prosecuted for the attainment of that object The suits required attention and time. Some of them have been terminated, and a considerable amount of assets have been reclaimed for the general creditors, but a large portion of them, still undecided, are subject to the "law's delay." The expenses attending this litigation, will reduce the amount of the assets in dispute, whether the decisions apply them to the attaching creditors, or to the general fund.

The causes above enumerated, will account for the delay in making

even the imperfect statement now presented, and show why it is impossible, at this time, to make a settlement of the trust.

The assignees may never be able to ascertain the *exact truth* connected with the property covered by the assignment, but as soon as these vexatious law suits are determined, and the assignees can convert the assets under their control, they will be able to close up the trust.

The figures which represent the value of the stocks, bonds and doubtful debts, rest on mere estimates of value, and these assets may, when converted, realize more or less than the estimates. Some of these will bring more now than they would have brought had a sale been forced at an earlier period. The assignees have taken steps to enforce the collection of the bills receivable, and to place the other securities in condition to be disposed of, as opportunities may offer, without too great a sacrifice.

By order of the Assignees,

S. J. BROADWELL, Chairman.

LIABILITIES, BANKING DEPARTMENT.

Circulation	$4,000 00	
Dividends unpaid	6,863 00	
Assignee's certificates—outstanding	$128,175 77	
Less amount issued for obligation of New York agency	47,507 69	
	80,668 08	
Office checks on New York, outstanding	38 698 30	
Certificates deposit, outstanding	22,164 41	
Individual depositors, amount due them	264,531 97	
Due to banks and other correspondents	35,519 16	
		$450,444 95

LIABILITIES, TRUST DEPARTMENT.

Certificates of deposit, outstanding	$273,308 66	
Life policies, amount estimated as sufficient to cancel this claim	25,000 00	
		$298,308 66
		$748,753 61

ASSETS BANKING DEPARTMENT.

Bills receivable	$198 896 58		
Estimated bad	17,500 00		
	$181,396 58		
Estimated good		$45,705 91	
Offsets claimed		135,259 00	
Held under attachments		410 67	
Suspended debt	$41,522 09		
Estimated bad	15,844 23		
	$25,677 86		
Estimated good		21,141 80	
Offsets claimed		4,536 06	
Due from banks and other correspondents—held under attachments		100,968 63	
Bonds, estimated at		18,700 00	
Cash		93,390 56	
Whereof has been used for the redemption of 100 bonds Cin., Hamilon and Dayton R. R. Company, pledged in N. York	$63,022 50		$420,073 63

ASSETS, TRUST DEPARTMENT.

Bills receivable	$229,173 86		
Estimated bad	126,226 20		
	$102,947 66		
Estimated good		$88,334 99	
Offsets claimed		2,197 93	
Held under attachments		12,414 74	
Real estate, unincumbered, estimated		31,658 00	
Held under attachments		24,133 34	
Bonds, estimated at		83,600 00	
Decree, against the Nashville Insur. and Trust Co., estimated value	$60,000 00		
Less fees and expenses, allowed by the court	21,000 00	39,000 00	$281,339 00
			$701,412 63

LIABILITIES.

Banks and others—amount claimed	$1,768,759 59	
Admitted		$1,459 427 40
Di puted		309,332 19
Assignees certificates		47,507 69
Collection paper, in possession of attaching creditors in N. Y.	$488,240 94	
Upon this amount it is estimated a loss may accrue—say 25 per cent		122,060 24
		$1,938,327 52
		$1,938,327 52

ASSETS.

Loans	$493,697 92		
Estimated as bad	302,245 92		
	$191,452 00		
Offsets claimed		$12,250 00	
Held under attachments		179,202 00	
Bills receivable	$223,279 43		
Estimated as bad	48,704 59		
	$174,574 84		
Offsets claimed		34,094 00	
Held under attachments		140,480 84	
Receiver of Superior Court, N. Y.—			
Bills receivable	$27,310 44		
Offsets claimed		1,213 69	
Held under attachments		26,096 75	
Banks and other correspondents	$833,348 86		
Est. as doubtful and disputed	$664,772 83		
Bad	94,327 69	759,100 52	
	$74,248 34		
Estimated as good		15,507 37	
Held under attachments		27,087 13	
Offsets claimed		31,653 84	
Suspense account—est. as valueless	$241,878 86		
Individual accounts	817,857 94		
Held under attachments		3,514 78	
Estimated as doubtful	$87,268 62		
Bad	727,074 54		
	$814,343 16		
Bonds—held under attachments		214,900 00	
Unincumbered		92,050 00	
			$778,050 40
			$778,050 40

Cincinnati Office.

		Dr.
Amount of the capital stock		$2,000,000 00
Amount of other liabilities, as near as can be ascertained		748,753 61
Total		$2,748,753 61
		Cr.
Amount of the estimated value of assets	$701,412 63	
Am't of various claims against the N. Y. Agency, paid by Cincinnati Office	2,109,983 60	$2,811,396 23
Excess		$62,642 62

New York Agency.

		Dr.
Amount of the present liabilities, as near as can be ascertained		$1,938,327 52
Amount of various claims, paid by Cincinnati Office, as above		2,109,983 60
		$4,048,311 12
		Cr.
Amount of the estimated value of assets at N. Y. Agency		$778,050 40
Loss or excess of liability		$3,270,260 72

Cincinnati, August 31, 1858.

Condensed Statement.

Liabilities at Cincinnati			$748,753 61
" at New York, admitted	$1,628,995 33		
Disputed	309,332 19		1,938,327 52
			$2,687,981 13
Offsets at Cincinnati	$141,983 99		
Offsets at New York	79,211 53	$221,195 52	
Attachments, Cincinnati,	$137,897 38		
Attachments, New York,	591,281 50	729,178 88	
			950,374 40
Uncovered			$1,736,706 73
Assets at Cincinnati			$701,412 63
Assets at New York			778,050 40
			1,479,463 03
Deduct as above			950,374 40
Remains to meet uncovered claims			$529,088 63

Edwin Ludlow's Account in Final Settlement.

	Total indebtedness		$649,744 37
	ASSETS HANDED OVER.		
	61 Cleveland & Pittsburgh 3d mortgage bonds taxed at.	$30,500 00	
	16 Dayton & Michigan, 1st " ..	9,600 00	
	14 Florida Land grant bonds	9,800 00	
	188 Cleveland & Pittsburgh 3d mortgage bonds	94,000 00	
	Sundry bonds that had been pledged with Brown & Bros.. and sold, and for which Trust Company got a credit of	47,267 50	
	NOMINAL VALUE		
400,000	2 Norwich & Wooster R R. bonds	1,600	192,767 50
17,500	350 shares Cleveland & Pittsburgh R. R., taxed at	1,500	
5,000	100 " Norwich & Wooster "	1,200	
2,000	2 bonds Cincinnati & Indianapolis R. R.	1,600	
1,000	1 " Treverton Coal Company		
33,000	33 Cleveland & Pittsburgh R. R. bonds	16,500	
8,000	8 Ohio & Mississippi Construction bonds	2,400	
13,000	13 Jeffersonville R. R. bonds } No value.		
15,000	15 Fort Wayne & Southern R. R. bonds } No value.		
X 5,000	10 Toledo & Illinois 2d mort. ($500). } No value.		
X 6,000	12 Hempfield 1st mortgage ($500). } No value.		
14,000	14 Florida Land grant R. R. bonds	7,000	
31,000	31 Tiffin & Ft. Wayne 1st mort R. R. b's. } no val. affixed		
16,000	16 Marietta income bonds. } no val. affixed		
20,000	20 Cleve. & Pittsburgh dividend bonds. } no val. affixed		
10,000	10 Great Western R. R. bonds. } no val. affixed		
10,000	Cleveland & Pittsburgh Interest Coupons	7,000	36,750 00
206,500			$229,517 50
	Leaving due and unsettled	$420,226 87	
	Total of nominal value of $600,000, costing Ludlow not far from $500,000.		

COLUMBUS, O., January 25, 1855.

Present—Messrs. Trevitt, Secretary of State; McCook, Attorney General; and Morgan, Auditor of State.

The Attorney General moved that the following proposition be adopted by the Commissioners of the Sinking Fund, and submitted to the Ohio Life Insurance and Trust Company:

The undersigned, Commissioners of the Sinking Fund of the State of Ohio, in pursuance of the 5th section of the act supplementary to and amendatory of the act to create a Sinking Fund, &c., passed May 1, 1854, propose to select the Ohio Life Insurance and Trust Company as the depository for such amount of the Sinking Fund as they may choose to place in the city of New York, upon these conditions:

I. That the said company shall allow to the State of Ohio interest at the rate of five per centum per annum, for all moneys so deposited. Interest shall be computed to the day of disbursement, and the amount thereof credited to the principal on the first days of January and July in each year.

II. That it shall furnish monthly accounts of receipts and disbursements, or oftener, if required by the commissioners, or a majority of them, or the acting fund commissioner.

III. These deposits to be at all times subject to the draft of the transfer agent, or to withdrawal on the order of the fund commissioners, or the acting commissioner.

IV. Either party to have power to terminate this arrangement without previous notice.

V. The proposition to take effect upon the agreement thereto by the Ohio Life Insurance and Trust Company, expressed by its cashier in New York, and president at Cincinnati.

The Secretary of State moved to add as an additional proposition, the following, to wit:

"That the said company deposit, as security, with the Fund Commissioners, or their agent, Ohio State stocks or United States stocks of par value, to the amount of funds deposited by said commissioners."

The Attorney General objected, on the ground that he believed it would defeat the proposition; but that he would be anxious to stipulate for such other sufficient security as might be obtained.

The Auditor of State, concurring with the Attorney General, moved the adoption of the following as introductory to the original proposition:

"Whereas, an examination of the books of the transfer office declare the fact, that the Sinking Fund placed (under bond) in the control of the transfer agent, is by him deposited, without any resulting advantage to the State, in the People's Bank of the city of New York, an institution of whose condition the commissioners have no personal or official knowledge; and whereas, it is believed, the interest of the State of Ohio may be as well subserved by a deposit of said funds in the Ohio Life Insurance and Trust Company, an institution organized by the legislative authority of said State, and amenable to its laws; therefore, resolved, as follows."

The vote of the commissioners was then taken on the amendment of the Secretary of State, with this result: For, Trevitt; against, McCook and Morgan.

The vote then recurred on the proposition of the Attorney General with this result: For, McCook and Morgan; against, Trevitt.

The preamble of the Auditor of State was then acted on, with the fol-

lowing result: For, McCook and Morgan. Trevitt declined to vote, on the ground that he knew nothing of the facts alleged in the statement.

On motion, adjourned.

(Signed) W. D. MORGAN, Acting Com'r.
G. W. McCOOK, Att'y Gen'l.

COLUMBUS, March 10, 1855.

Present—Messrs. McCook, Attorney General, and Morgan, Auditor of State.

Mr. McCook made report, that he was advised by the president of the Ohio Life Insurance and Trust Company, that the propositions made by a majority of the commissioners, at their meeting on the 25th January, had been fully considered, and that said company was fully prepared to enter into the arrangement and obligations therein specified, except that the rate of interest should not exceed four and one-half per cent. Furthermore, that if the commissioners so desired, the company would furnish individual security for the discharge of its trust, in such sum as should be required.

In view of the recent decision of the supreme court of Ohio, in the case of the State versus Buttles' heirs, and the fact that one of the commissioners (Mr. Secretary Trevitt) held the selection of a depository as now proposed, to be unauthorized by law, Mr. Morgan desired that further steps in the matter be deferred until such time as the action that may be taken by the commissioners can be placed before the Legislature for immediate reversal of it if it be disapproved.

W. D. MORGAN, Acting Com'r.
G. W. McCOOK, Att'y Gen'l.

To the President and Directors of the Ohio Life Insurance and Trust Company:

Having been instructed by the board of trustees, to proceed to New York, for the purpose of introducing a new arrangement in reference to the accounts between the respective offices in Cincinnati and of the New

York agency—and having, while there, been permitted, to a certain extent, to examine into the books and business of the latter, I have now to report my proceedings in the premises.

Upon arriving, and being introduced to Mr. Ludlow, cashier, the subject of the new mode of accounts (of which they had previously been furnished with full explanations) was discussed. Very considerable opposition being shown against any innovation upon the long established practice of the office, and based upon the mistaken impression that the labor generally would be much increased by the proposed alterations, I found it of little avail to attempt a farther explanation of the new system. Neither Mr Ludlow, nor Mr. Ackerman, book keeper, could be made to understand it; and seeing the uselessness of any further contention, requested Mr. Ludlow to introduce me to Mr. G. S. Coe, our former cashier, who, I felt certain, would easily understand and appreciate what was wanted. I was not mistaken in this, as he, in a few minutes, saw through and very much approved the proposed plans, saw no possible objection to their being immediately introduced, and gave me a letter to that effect, addressed to Mr. Ludlow—which silenced all farther opposition; and notice was given to commence the new system at the Cincinnati office forthwith.

About a week elapsed before the expected returns from Cincinnati were received, during which time I proposed to myself to examine the mode of keeping the accounts at the New York office, with a view to suggest any improvement which might occur; but upon signifying my wish to make such examination, received a somewhat evasive answer, in consequence of which, and having previously written Mr. Bishop on the subject, I judged it best to wait instructions from head quarters.

Upon receipt of the requisite returns from Cincinnati office, the new arrangement was put in operation, and after overcoming some difficulties incident to beginning a new system, was finally got to work; and will now, it is hoped, go on favorably.

In consequence of instructions received from the head office, the exact terms of which I was not informed, Mr. Ludlow now invited me to look into matters generally; and in compliance therewith, proceeded to make such investigations as time would permit. I found the principle of the book keeping to be quite correct; but there was difficulty in carrying it out, from a want of proper organization to divide the labor when trans-

actions increased in number, which has been the case particularly during the last year—causing an undue accumulation of work in one hand.

There has hitherto been only one ledger in use, which contains all the accounts, whether general or individual. A new ledger has been ordered for the latter class of accounts, to be opened on the 1st prox., and kept by another clerk. Various other suggestions of a similar nature, calculated to divide the work more equally, were made and partly carried out before I left; and should they be able to avail themselves of the hints thus given, and farther sub-divide the labor as it may be found necessary, I do not anticipate any future difficulty.

So far as I am aware, no returns of profit and loss account have ever been made by the New York agency to this office. In reference to this fact, I suggested to Mr. Ludlow, that he should have the profit and loss account made up at the 15th of December current, and transfer the balance to the *credit* or *debit* (as the case might prove) of the Cincinnati office, sending a statement thereof so as to reach before the close of the year.

Other matters were latterly the subject of frequent discussion between Mr. Ludlow and myself, chiefly in reference to the state of money matters out-of doors, and the excessive drafts by the Cincinnati office, which were a source of much anxiety as to how they were to be met.

The business carried on at the New York Agency, consists: 1st, of deposits made by country banks, railroad companies, and others. These are comparatively of a permanent nature, but subject, nevertheless, to very sudden fluctuations, being apt to be withdrawn at very inconvenient times. The other class of deposits are made by bankers and brokers in New York, and are subject to still greater fluctuations, and can never be depended on from day to day. The aggregate of deposits has, for some time, been about two millions, in the proportion of about three-quarters of the first class to one-quarter of the latter.

It has hitherto been the practice to invest the larger portion of the money accruing from these deposits in what is termed "Call Loans," made on security of stocks of various descriptions; and the amount thus loaned fluctuates according to the demands of the Cincinnati office, and with the increase or decrease of the deposits; but the rule is, to have at least one-third of the aggregate invested in this manner. The

following table will show the action of the New York office for the last five years to the 1st November, 1855, taken quarterly:

Date.	Total amount of Deposits.	Due by Cincinnati Office.	Cash in Bank.	Loans.
February 1851.	$2,913,193 82	$1,015,786 95	$369,722 50	$1,289 933 51
May, 1851.	2,173,546 10	985,126 72	98,001 92	833 653 68
August, 1851.	2,517,842 99	450,666 69	63,827 76	1,773,969 42
November, 1851.	1,476,856 64	557,892 36	13,990 95	687 495 08
February, 1852.	1,615,941 03	1,044,345 46	57,540 65	324 172 41
May, 1852.	1,586,753 52	991,870 86	29 506 95	383 896 57
August, 1852.	3 680,630 99	311,244 40	369,011 04	2,683.879 04
November, 1852.	2 944,121 59	481,069 30	186,810 71	2,045 029 75
February, 1853.	2 660,828 87	1,013,511 26	42,299 37	1,288,175 53
May, 1853.	1,391,141 87	577,804 23	110,375 75	585,275 59
August, 1853	2 517.570 33	411.928 09	40,892 24	1,905,430 32
November, 1853.	1,442,352 14	326,820 31	32,452 60	867,614 79
February, 1854.	1,416 691 19	769,670 24	63,752 90	865 564 79
May, 1854	1,363,852 25	602,364 89	66,349 26	519 284 03
August, 1854.	1,330,995 52	390,916 54	88,174 44	675,667 06
November, 1854	1,533,904 53	528,169 46	27,952 22	637,855 46
February, 1855.	1,699,870 19	472,532 75	273,066 92	723,346 57
May, 1855.	2,166,243 45	934,664 46	41,414 22	933,632 92
August, 1855	2,094,592 86	248,135 39	157,698 91	1,857,313 33
November, 1855.	1,966.421 10	547.503 71	49 947 55	935 507 60

The foregoing will give some idea of the extreme irregularity of the business, and the consequent difficulty of making provision for the sudden calls that are frequently experienced. No doubt, a principal cause of these fluctuations arises from the second class of depositors; and it may be a question, whether it would not be better to decline them altogether. Give up, or greatly modify the practice of call loans, and keep generally a larger balance in bank. A certain amount of profit might thus be sacrificed by so doing, but the business would be more easily and satisfactorily handled. A larger proportion of the surplus moneys could then be at the command of the head office, to be used in loans to customers, instead of speculators in New York Stocks.

A full statement of the loans made at the New York office, as at 30th November, 1855, is produced herewith, to which the attention of the directors is requested.

In reference to the extent the Cincinnati office might safely be allowed to draw, Mr. Ludlow stated that, for the greater part of the year, the whole amount of the foreign deposits might, with certain deductions, be

at the command of the head office; and, provided it was understood that a larger amount of money was to be kept uninvested, he was ready to act upon the rule that the Cincinnati office should have the full benefit of the foreign deposits, while he should make the city deposits the object of his special attention, and restrict the loan account accordingly.

In view of such an understanding, a greater unity of action between the two offices than has hitherto been obtained, would be requisite. We would require from the New York office a daily return of the amount of deposits, &c., thus:

Foreign deposits ..... $——
City " ..... ——
Cash in Bank ..... ——

On the other hand, Mr. Ludlow proposed, in order that the New York office should be posted as to proceedings in this quarter, that he should be furnished with a similar daily return, as follows:

Ordinary deposits ..... $——
Due to Banks ..... ——
Available currency on hand ..... ——
Gold on hand ..... ——
Balance due to Philadelphia ..... ——

There are other matters still requiring adjustment at the agency. The general ledger is defective, and the mode of calculating interest on accounts is incorrect, causing loss to the bank in some instances; but remembering the opposition made to the primary objects of my visit, did not venture to suggest what would amount to a complete change as regards that book, so left it for a future opportunity, should that occur.

In conclusion, I beg to state, that I consider this visit to New York will be found to have been useful to the company. No disagreeable feeling exists in consequence, that I am aware of.

Respectfully submitted,

JAMES R. LYLE.

CINCINNATI, Dec. 10, 1855.

CINCINNATI, March 12, 1856.

C. Stetson, Esq., President:

Dear Sir: Since the notes of the Bank of Kanawha were discredited in this city, the institution has continued their prompt redemption at their counter. At that time the circulation was $340,000, since which it has been reduced to about $40,000.

The directors recently appointed a committee to investigate the affairs of the bank, and I am gratified in being able to inform you, that the result has been most satisfactory. The committee reported that this bank was able to pay all its debts, and would be able to return ninety per cent. to its stockholders, of the capital stock.

The directors have full confidence that the Legislature of Virginia will extend the charter; as the bill has passed one branch by a vote of one hundred to twenty-four, and there seems to be no doubt but the charters of all the banks of that State will be renewed.

In view of the important facts, that this bank has reduced its liabilities to a small sum, and sustained its credit by prompt redemption at its counter, and its charter endorsed by the Legislature of Virginia—and of the further fact, that the notes of all the Virginia banks are bankable in this city, I respectfully ask that the notes of this bank may again be made bankable in this city, which can only be effected with your consent.

I have perfected arrangements whereby the notes will be made bankable at nearly all the banks in Southern Ohio and at Wheeling, and feel confident that its credit will be fully sustained in future.

It is not the purpose of the bank to largely increase its circulation, and no increase whatever shall be made without the concurrence of yourself. At any time you may desire, I will take up the notes with other currency.

While, in the name of the directors, I tender their acknowledgments for the friendship which has been extended by the Trust Company in times past, it affords them and myself very great pleasure to know, that the honor and reputation of the Trust Company has been fully sustained and vindicated, by the important fact, the Bank of Kanawha has at no time failed to redeem its circulation at their counter; and in view of this fact, I now ask that the Trust Company shall place the notes of the

Bank of Kanawha upon the same footing of those of the other banks of Virginia.

I remain, very respectfully, yours,

W. W. CONES, Cashier.

P. S.—I have taken pains to ascertain what amount of the notes are in this community, and from the best information I can obtain, I do not think it will exceed two or three thousand dollars.

This agreement, made and entered into at Malden, in the State of Virginia, this 22d day of March, 1856, by and between the Bank of Kanawha, a corporation of the State of Virginia aforesaid, and the Marietta and Cincinnati Railroad Company, a corporation of the State of Ohio; witnesseth:

That said Bank of Kanawha agrees to lend to said Marietta and Cincinnati Railroad Company, the note of circulation of said bank to the amount of fifty thousand dollars, upon the terms and conditions following, viz.: Said sum of $50,000 is to be loaned in such instalments, from time to time, as shall be required by said railroad company; and each of said instalments shall be loaned for the term of six months. For each of said instalments loaned, said railroad company shall give a note payable to said bank in the notes of circulation of said bank, at the office of the Ohio Life Insurance and Trust Company in Cincinnati, six months after date thereof, with interest at the rate of six per cent. per annum. Each note shall be renewed twice by said bank, so as to make the entire loan extend eighteen months.

Said bank shall not, during the continuance of said loan, or any portion thereof, extend or increase the amount of its notes in circulation, now amounting to about seventy thousand dollars, exclusive of the loan contemplated by this agreement, without the consent of Noah L. Wilson, Esq., to whom said bank agrees to furnish regularly, every week, a full statement of the condition of said bank, in such form as said Wilson shall require. It is agreed, that in case said Wilson's decisions, from time to time, as to the increase of said bank's notes of circulation shall be deemed unreasonable, the same shall be referred to Charles Stetson, Samuel B. Keys, and Henry Massie, Esqs., whose decision upon the matter submitted, shall be final. Said railroad company agrees to deposit with Charles Stetson, Esq., as trustee, to be held by him subject to the conditions of this agreement, as security for the payment of the

loan hereby provided for, and the interest accruing thereon, one hundred thousand dollars, at par, of the first mortgage bonds of the Hillsborough and Cincinnati Railroad Company, the pa ment of which bonds is to be guaranticd by said Marietta and Cincinnati Railroad Company.

And said Marietta and Cincinnati Railroad Company also agree to make said Kanawha Bank notes bankable at the Marietta, Athens, Logan, Ross County, and Chillicothe Branches of the State Bank of Ohio, during the continuance of the loans herein provided for; provided said Bank of Kanawha shall continue specie payments, and keep their bank notes bankable at the office of said Ohio Life Insurance and Trust Company during the same time.

The bank notes to be loaned, as aforesaid, under this agreement, are to have upon them a private mark to be agreed upon by the parties hereto; and said notes are to be redeemed at the office of said Ohio Life Insurance and Trust Company, by said Marietta and Cincinnati Railroad Company, with other currency, and as may be required by said Trust Company, and to their satisfaction.

Said fifty thousand dollars of Kanawha notes are to be marked and left with said Trust Company, to be by them delivered to said Marietta and Cincinnati Railroad Company, from time to time, in such sums as said Marietta and Cincinnati Railroad Company may require, on the delivery of the notes of said railroad company, properly executed, agreeably to the terms of this agreement, and on depositing with said Stetson, as trustee, said bonds, in an amount, at their par value, equal to twice the amount of the instalment then loaned.

In testimony whereof, W. W. Cones, cashier of said Kanawha Bank, and N. L. Wilson, president of said Marietta and Cincinnati Railroad Company, have subscribed these presents, and a counterpart, the day first above written.

(Signed) W. W. CONES, Cashier.
NOAH L. WILSON,
Prest. M. & C. R. R. Co.

Chas. Stetson, Esq., Prest.:

The undersigned, in connection with A. Spencer Nye, Esq., cashier of the Ross County Branch Bank, having, by direction of the trustees, proceeded to Malden, Va., and examined into the affairs of the Kanawha Bank, report the following as the result of their investigations:

The amount of circulation, as per the bank statement, together with $49,570 of issue of new plate, not found in the vaults of the bank, and also $25,000 of old issue redeemed and charged out of circulation account, but unaccounted for, was found to be..... $141,540

Of which we found on hand..... ... 131,870

The apparent circulation being..... $309,670

The item of $49,570 of issue of the new plate, the bank officers claim they have not received from the engravers. The $25,000 of old issue, we have little doubt, has been fraudulently put into circulation.

To redeem this circulation, we found in the possession of the bank, of gold, silver, currency, cash items and bills receivable, considered undoubted, amounting in the aggregate to $238,806 50, leaving an apparent deficiency of undoubted assets of $70,864 50. Of bills receivable, bills of exchange, balances due from bankers, considered as doubtful, we found $82,872 96, which, if collected, would leave a surplus over the liabilities of $12,008 46.

We annex hereto papers marked A, B, C, showing the circulation account, liabilities and assets—the names of stockholders, with the number of shares standing in the name of each.

During our stay in Kanawha, a stockholders' meeting was held, and a new board of directors was elected, as recommended by us. On the organization of the board, Henry Fitzhugh, Esq., was selected as president; B. B. Everest being retained as temporary cashier. W. W. Cones was at once divested of all interest in the bank, either as officer or stockholder—leaving the majority of the stock in such a position as will enable the Trust Company to control its management.

The charter is a very valuable one—being in every particular like that of the Bank of Virginia—having six years to run from the first of February, 1857. If the circulation account as set forth proves to be correct,

we would suggest that the continuance of the bank in business, with competent officers acting under your direction, would not only avoid a loss to the Trust Company, but be of actual advantage.

All of which is respectfully submitted,

SAML. B. KEYS,
S. C. PARKHURST.

CINCINNATI, Nov. 26, 1856.

A.

Circulation account Oct. 14, and as found Nov. 14		$366,970 00
Apparent deficiency of circulating notes of new plate as printed by Tappan, C. and Co. (not found in vault)		49,570 00
Notes of old plate, charged circulation account, July 17, 1854	$116,810 00	
Re-issued of same, and credited to circulation account to June 18, 1855	91,810 00	25,000 00
Total probable circulation		$441,540 00
To meet which, the committee found as follows, viz: assets—		
Amount of circulation issued, now in vault, as counted by the committee of its directors, and certified Oct. 14, 1856	$130,830 00	
Circulation redeemed since, and on hand	1,040 00	
Gold and silver in vaults $17,220 50		
Currency, notes of other banks 4,076 00		
Cash items, checks, &c., good 2,241 00		
	23,537 50	
Bills receivable and bills of exchange, good	192,029 00	
Balances due from banks and bankers, considered good	23,240 00	370,676 50
Apparent deficiency of undoubted assets		$70,864 50
To meet which, the bank shows the following items not included above, viz:		
Bills receivable and bills of exchange, probably good	$6,906 00	
J. G. Breslin, due for stock notes	25,000 00	
Thos. L. Brown, do good	375 00	
Thos. J. Brister, do do	375 00	
Ellis & Sturges, and Sturges & Ellis, balances of accounts	50,216 96	
W. W. Cones, stock notes	40,259 23	123,132 19
Apparent excess of assets		$52,267 69

The last items, amounting to $123,132 19, are very doubtful, except the bills receivable amounting to $6,906, which are thought to be collectable.

C.

Circulation:

October 29, 1854.—Tappan, Carpenter & Co. render their bills as—			
Engravers for 17,000 impressions of first plate, *not delivered.*			
4,300 do do delivered.			
12,700 do at $40			$508,000
August, 1855.—Same parties render bill for 7,500 impressions—new plate			300,000
Total circulation probably received			$808,000
Of the first plate, were found in the vaults—			
6,000 impressions, 5, 5, 10, 20, not signed		$240,000	
1,200 ½ do 5, 5, do		12,000	
On hand in sheets of first plate		$252,000	
Of the new plate, were found—			
1,100 impressions, 5, 5, 10, 20, not signed	$44,000		
1,100 ½ do 10, 20, do	33,000		
100 " do 10, 20, dated	3,000		
100 " do 10, 20, part dated	3,000		
303 " do 10, 20,	9,090		
Notes cut up, 10, 20,	390		
do 10, 20,	3,950		
2,800 notes of 5's, ready for use	14,000		
200 ½ sheets of 5's, signed by president	2,000		
200 do 5's, not filled	2,000	114,430	366,430
			$441,570
Circulation account is charged, *mutilated notes*			30
			$441,540

Present nominal capital, $170,400.

Circulation, as per *books of Bank*	$366,970
do by law on present capital	340,800

Circulation exceeding the limit	$26,170	
do on hand belonging to Bank	131,870	
do reduced—leaving balance of	$105,700	
Other available assets	239,056	$344,756
From the assets, including circulation on hand, deduct 20 per cent. on $340,800 for coin		68,160
Total available assets for business		$276,596
The profits on which, if it were *all* immediately available for active business, may be estimated at about	$22,500	
Less expenses, first year	5,500	17,000
Close of first year		$293,596
Profits thereon for second year	$25,000	
Less expenses	6,000	19,000
Close of second year		$312,596
Profits thereon for third year	$26 500	
Less expenses	6,000	20,600
Close of third year		$333,196
Profits thereon for fourth year	$28,000	
Less expenses	6,000	22,000
Close of fourth year		$355,196

The means of the Bank, if the above should be realized, now amount to $7,986 more than the *supposed* circulation; but as it will probably require six months to get fairly started, this excess should be deducted from the first year's business.

Next two years' profits, say	$62,000	
Less expenses, say	12,000	50,000
		$405 196

Capital increased to $200,000.

Circulation allowed thereon by law	$400,000	
do as per *books* of the Bank	366,970	
do gained by increased capital	$33,030	
do now on hand	131,870	

Other means	$239,056	
	$403,956	
Less specie reserve	80,000	$323,956
First year's profits thereon, say	$26,000	
Less expenses	6,000	$20,000
Second year's profits	$27,500	
Less expenses	6,000	21,500
Third year's profits	$29,000	
Less expenses	6,000	23,000
Fourth year's profits	$30,500	
Less expenses	6,000	24,500

At which time the assets will exceed the liabilities for circulation say $18 500, but as it may require six months to get fairly into business order, deduct say $8,500.

Fifth and sixth years, say	$64,000	
Less expenses	12,000	52,000
Total net profits		$141,000
" resources to begin with as above		403,956
		$544,956
Total supposed liabilities for circulation		474,570
Excess of assets at the end of six years, when charter expires		$70,386

This is the utmost that can be done on the means of the bank, if kept actively invested, without allowing anything upon either of the above estimates for funds temporarily unemployed,—as balances in other banks, cash in transitu, funds and circulation necessarily on hand, &c.

Capital increased to $300,000.

Circulation allowed thereon	$600,000	
" now, *as per books*	366,970	
" increased	$233,030	
" now on hand	131,870	

Other means	$239,056	$603,956
Deduct specie reserve		$120,000
Applicable to business		$483,956
First year's profits, say	$38,000	
Expenses, say	6,000	32,000
Second year's profits, say	$40,000	
Expenses increased	7,000	33,000
Third year's profits	$42,000	
Expenses	7,000	35,000
Fourth year's profits	$44,000	
Expenses	7,000	37,000
Fifth year's profits	$47,000	
Expenses	7,000	40,000
Sixth year's profits	$50,000	
Expenses	7,000	43,000
Total assets, including specie reserve at the end of the charter, or six years		$823,956
Total liability for circulation, *probably*		674,570
Excess of assets over liabilities, or about 50 per cent. on the above capital		$149,386

The funds arising from increased capital in either case are not taken into the estimates, but are supposed to remain *on deposit* with the Trust Company in New York, say, in this calculation, $100,000; and at Cincinnati, $29,600—making the amount of increased capital; and not to be used, or any part thereof, except in an emergency. The increase can easily be made by a credit to the bank, at each city named, and to be continued as long as the charter lasts.

Memoranda of sundry facts and details gathered during the examination of the books of the Trust Company.

The New York books show, towards the close of each day, very heavy borrowing, of Dennistown, Wood & Co., H. A. Johnson, R. Schell, Beebe & Co., and others, in sums of $50,000, $100,000, $125,000, and even as high as $200,000. The loans of one year from R. Schell, amount in the aggregate to $20,795,036.32; and the interest paid, to $49,174.83.

The daily entry books show incontestably, that for months previous to the failure, the means of the agency always got short between two and three o'clock.

The New York books show, that during April, 1857, there were borrowed by, or for the Cleveland and Pittsburgh Railroad Company, on bonds and stocks, $118,881.81.

Between February and August, 1857, there was in loan accounts, as borrowed on Trust Company stock, by

E. Ludlow	on 750	shares	$77,399 70
S. Fosdick for E. Ludlow	98	"	7,400 00
S. E. Foote	50	"	5,000 00
G. S. Coe	50	"	5,000 00
H. A. Johnson	125	"	5,389 89
D. R. Martin	150	"	7,000 00
R. Bayard	50	"	4,500 00
E. S. Munroe	250	"	22,000 00
"	350	"	27,000 00
G. W. McLean	75	"	6,000 00
"	102	"	9,000 00
"	170	"	13,000 00
"	110	"	5,500 00
C. W. Rockwell	30	"	2,400 00
Marie & Kanz	122	"	10,550 00
H. A. Johnson	50	"	4,353 26
Stebbins & Bloodgood	130	"	10,700 00
"	300	"	25,000 00
E. S. Munroe	300	"	23,000 00
"	150	"	12,000 00
Total	3,412		$282,193 15

☞ It is more than likely, that the greater part of this stock really belonged to Ludlow, and was perhaps bought of these parties, or the money for it borrowed of them; and instead of charging himself, he charged these parties with the money.

The books show further, that from February, 1855, to August 22, 1857, there was loaned over a half a million, to E. Ludlow, G. W. McLean, E. S Munroe, R. Schell, Stebbins & Bloodgood, H. A. Johnson, J. B. Bloodgood, Milbank, Marie & Kanz, V. Worthington, Joseph S. Lake, R. R. Cobb, Strachan & Scott, Rockwell, and the Cleveland and Pitts-

burgh Railroad Company, on some millions of Cleveland and Pittsburgh Railroad stocks and bonds. The loan statements sent from the New York office to the home office, exhibit very many, if not all of these items.

The books show, too, that Marie & Kanz, H. A. Johnson, W. G Lord, E. Ludlow, E. S. Munroe, Fulton Cutting, R. C. Stone, J. P. P. Foster, Cleveland and Pittsburgh Railroad Company, J. Lee, S. S. Bloodgood, Wheeler & Bellows, Carlisle & Steadman, J. Thompson, G. W. McLean, W. E. Dodge, R. Schell, V. Worthington, N. R. Cobb, G. W. Beebe, Decoppet & Co., W. W. Gilbert, Ward & Co., and a few others, get rather large loans without collateral security; and this fact shows, to a great extent, on the loan statements sent from the New York office to Cincinnati. Cleveland and Pittsburgh securities appear as early as in September, 1854, and in a few small loans in 1851.

December 16, 1851. $20,000 State stocks appear in balance sheet, as being there in trust for the Seneca County Bank.

April 21, 1857. There is this entry: "Marie & Kanz, Dr. $5,000," deposited with them April 1, for the protection of Trust Company stock in the broker's board.

The following statement of the workings of the New York Agency prior to 1855, will, it is supposed, be of interest, especially when compared with the tabular statements:

In 1851.	Highest amount.		Lowest amount.	
	Date.	Amount.	Date.	Amount.
Aggregate	July 16	$2,537,255 80	Dec. 16	$1,406.510 00
Loans	Aug. 1	1,773,969 02	Dec. 16	431,425 53
Indebtedness of home office	May 1	985,126 72	Sept. 1	366,537 35
Deposits by individuals	May 1	148,470 06	Nov. 17	63,905 59
Loan to individuals	Nov. 1	19,235 85	May 1	12 820 52
Cash	July 16	228,503 92	May 1	13,990 95
In 1852.				
Aggregate	Aug. 16	3,721,706 46	March 1	1,446,971 72
Indebtedness of home office	Jan. 1	1,052 829 04	Aug. 16	199 370 54
Loaned in New York on call	Sept. 1	2,817.760 93	Feb. 16	288,176 90
Deposits by individuals	Oct. 16	351,355 43	April 16	125,949 65
Loan to individuals	Feb. 16	29,523 65	Dec. 1	2,516 21
Cash	Jan. 1	582,628 24	April 1	27,956 06
In 1853.				
Aggregate	Jan. 1	3,224 371 97	Dec. 16	1,288,5°6 33
Indebtedness of home office	Jan. 1	1,158,695 04	Nov. 16	189 328 43
Loaned in New York on call	Aug. 1	1,005,430 32	Nov. 16	535,814 79
Deposits by individuals	Jan. 1	325,306 00	Nov. 16	112 417 62
Loan to individuals	Sept. 16	18,271 53	Jan. 16	1,880 87

The workings of the interest, exchange and loss accounts, will be seen in the following statement:

In 1852, agency earned—profits to meet losses					$17,131 84
First 6 months of 1853, earned in interest—small amount.					
Second 6 months of 1853, interest paid exceeds interest earned					5,459 17
First 6 months of 1854,	do	do	do		8,609 56
Second 6 months of 1854,	do	do	do		18,037 79
First 6 months of 1855,	do	do	do		17,526 27
Second 6 months of 1855,	do	do	do		22 081 06
First 6 months of 1856,	do	do	do		26,505 00
Second 6 months of 1856,	do	do	do		33,552 46
First 6 months of 1857,	do	do	do		43,261 35

The daily interest entries show heavy loans of banks, bankers and brokers, at seven per cent.

The books show, that a loan of $50,000, of Prime & Co., by the Cleveland and Pittsburg Railroad Company, was assumed by the Trust Company in New York, and carried for some time.

April 7, April 21, and May 14, Ludlow appears upon the books as a

heavy purchaser of Trust Company stock; and in June, he used, as the books show, some $125,000 of funds belonging to the agency.

Aug. 21, 1857. Ludlow is credited, and the Cleveland and Pittsburgh Railroad Company is charged with $25,000 commissions of E. Ludlow.

About the time of the failure, the following entries appear:

August 21, 1857. E. Ludlow, Dr., transfer to Cr. of Brown & Brother, $50,000. Brown & Brother is credited with this sum.

August 20. Loans entered to the amount of $51,916 29, as having been made between June 6 and July 7; also, $45,999 29 and $7,500 as made June 26 and July 31.

August 19 and 20. Gets of Beebe & Co. $350,000.

August 20. E. Ludlow charges himself with $20,000, and sundry smaller sums, for sundry individuals, $39,454 27.

The books, on August 18, 19, 20 and 21, show very large transactions between Beebe & Co., H. A. Johnson, Brown & Brother, J. G. King & Sons, and Robb, Hallett & Co. H. A. Johnson, $90,000 borrowed one day, and paid west.

August 18. Borrowed altogether some $350,000.

August 17. Borrowed of Beebe $200,000—yet paid same day $200,000.

Same day. Cleveland and Pittsburgh Railroad gets credit for amount paid by Lee & Co., through E. Ludlow, agent, $96,444 44. Looks as if a draft on London was sold to get this money.

August 15. Large loans—not less than $500,000. There is, about this time, this entry: "Interest paid and not entered, $13,777 58."

Sept. 30, 1857. S. Fosdick is charged with a loan of $8,500, on pledge of 90 shares of Trust Company stock.

Sept. 25. E. Ludlow's interest in Ohio and Mississippi Railroad contract, paid by him, and debited to his acount—delivered to the American Exchange Bank.

Stanley Matthews gets a loan of $11,000 on city of Cincinnati bonds.

Bayard borrows, on Trust Company stock, $12,000; and $16,949 on Cleveland and Pittsburgh Railroad securities.

Feb. 15, 1856. The following is the analysis of "*Loans*" in New York:

On Cleveland and Pittsburgh Railroad securities	$120,000 00
On Trust Company stock	120,000 00

On State stocks	$60,000 00
On Dayton and Hamilton Railroad securities	24,000 00
On sundries, some Greenville and Miami Railroad	432,208 86

Ludlow informed one of the assignees that he paid "Bennett" $5,000 in the spring of 1857, to suppress any articles in his paper which referred to the Trust Company.

The following items occur in R. Schell's account with the Trust Company, Dec. 9, 1856:

1856.		
Dec. 9,	By Proceeds Ohio State Stocks	$23,619 38
Dec. 31,	Grant, cash on Atwood	17,910 00
	J. B. Scott, cash on Atwood	10,000 00
	Dunlevy, Drake & Co., cash on Atwood	35,000 00
	Bartlit & Smith on Thompson	34,000 00
	Bates & Co. on Ocean Bank	9,901 00
	Harpers, Ayers, Roberts & Co.	2,985 00
	John Mills on Trust Company	1,500 00
	J. B. Scott "	5,880 90
	John Gardiner "	9,900 00
	Colby "	9,925 00
	Hutchinson "	8,000 00
	Harshman & Winters on Trust Company	24,875 00
	H. P. Espy "	9,925 00
	Waters "	5,985 00
	Osborn "	10,918 00
	D. Adams & B.	7,940 00
	American Exchange Bank	9,850 48
	Ocean Bank	3,151 59

The following letter is inserted as throwing some light on the Ohio Loan account of 1856:

Messrs. H. A. Johnson & Co.:

You will please transfer to the order of Charles Stetson, Esq., President of the Ohio Life Insurance and Trust Company, whatever amount may now or hereafter be due me by you, growing out of profits in purchase and sale of Ohio State Loan on joint account, or otherwise.

EDWIN LUDLOW.

NEW YORK, August 21, 1857.

APPLICATION FOR A RECEIVER—BILL IN CHANCERY.

To the Judges of the Circuit Court of the United States, for the Southern District of Ohio:

James C. C. Bell, Robert Grant and James Martin Bell, all aliens, subjects and citizens of the kingdom of Great Britain, resident in the city of London, and partners under the firm of Bell & Grant, bring this bill against

The Ohio Life and Trust Company of Ohio, having its principal office in Cincinnati, in said southern district, Charles Stetson, Abraham M. Taylor, John C. Wright, Samuel J. Broadwell, George Crawford, Nathaniel Wright, Samuel B. Keys, George T. Stedman, Charles C. Enyart, Samuel C Parkhurst, Samuel Fosdick, George Lucky, Clement Dietrich and Samuel Farrer, all citizens of Ohio and residents in said southern district; and Robert Bayard and George S. Coe, citizens and residents of New York; and S. B. Hosmer and Samuel E. Foote, residents of Connecticut.

And the said plaintiffs do aver and charge,

1st. That at the February term, A. D. 1858, of said circuit court, the plaintiffs recovered a judgment against the Ohio Life Insurance and Trust Company for $259,293 50 damages—together with costs—which remains in full force and unsatisfied, except as to about $22,493 42. That the plaintiffs have caused execution to issue on said judgment to the Marshal of said southern district, which has been returned that he could find no goods, chattels or bonds whereon to levy. That the plaintiffs can find no property subject to execution at law whereof to levy their judgment, and are therefore obliged to resort to the chancery jurisdiction of the court.

2d. That on or about the 24th August, 1857, the said Ohio Life Insurance and Trust Company suspended payment, and afterwards made and delivered an assignment of all their property, real and personal, including choses in action wherever situate, belonging to said company to the said defendants, Charles Stetson, John C. Wright, S. J. Broadwell, George Crawford, A. M. Taylor and Clement Dietrich, who accepted the same and entered upon the duties of assignees.

3d. That the company was insolvent, and had not sufficient property or assets to pay its liabilities to its creditors; on the contrary, besides

the loss of the total capital stock, amounting to about $2,000,000, there was a loss of the assets to such an extent as to leave a deficit of about $1,250,000 short of the indebtedness of said company.

4th. That said great loss was caused by the gross negligence and want of ordinary care on the part of said defendants (trustees), who were at the time of said suspension and for a long time prior thereto, the trustees of said company, and consisted among other delinquencies and breaches of duty on the part of said trustees in the following particulars—that is to say:

In failing to make examinations of the condition of said company, as required by the by-laws and rules thereof.

In making loans and advances to railroad companies and individuals, of large sums upon insufficient security and in modes and upon terms contrary to the charter, by-laws and standing rules of the company. In declaring and paying dividends to the stockholders of said company, without proper examination of the condition of said company, after the capital thereof was greatly impaired by losses—and thereby diminishing the fund for payment of creditors.

In failing to hold the monthly meetings, as provided in the 8th section of the by-laws.

In allowing Edwin C. Ludlow, the cashier of said company at its office in New York, to borrow money for the use of said company, unlimited as to the amount, and at such rates of interest, time and other conditions, as said Ludlow might determine; to pledge the notes, bills and stocks and other shares of said company, as collateral security for such loans; to deal in stocks, and buy and sell the same on account of said company; to purchase and sell the stock of said company for its account; to make discounts and loans of the money of said company in unlimited amount, and to transact the business of receiving deposits, purchasing and selling bills of exchange, loaning and borrowing money, and transacting all other banking business which said company was authorized to transact, for and on account of said company, without the intervention or supervision of said trustees—by means of which transactions, on the part of said Ludlow, immense losses were sustained by said company, the amount of which the plaintiffs are unable to state accurately, but they have been informed that said assignees admit, or state, such loss at upwards of $3,000,000.

That the said trustees failed and neglected to exercise a due control and supervision over said Ludlow, and to make regular and proper examinations of the accounts and transactions of said Ludlow, and in consequence of said neglect, the said Ludlow was allowed to proceed in the disastrous course he was engaged in, until the date of said suspension, whereas if the trustees had properly discharged their duties in that regard, this loss, through the transactions of said cashier, would not have happened, or would have been arrested at an early date, and before it had reached any considerable amount—all of which acts and omissions were contrary to the duty of said trustees, and to the provisions of the charter, by-laws and standing rules of said company, a copy of which charter, by-laws and rules is herewith exhibited and made a part of this bill.

That the first suspension occurred on the 24th of August, 1857, at the office of said company, in New York, upon the failure of said Ludlow, its cashier, to meet the liabilities of said company then presented—and upon notice by telegraphic dispatch of said suspension, the said trustees on the same day suspended payment at the office in Cincinnati.

That said trustees thereupon, contrary to their duties and trusts, proceeded to pay certain of the creditors of said company in full by the assignment of notes, bonds, and other assets of said company, and in this way disposed of about $4,000,000 of said assets, and continued to make such partial distribution of the assets until the date of said assignment.

That it was the duty of said trustees, upon said suspension, to hold all said assets for equal distribution among the creditors, at least until it clearly appeared that the assets were ample to pay all the creditors in full, instead of which they made said partial distribution, in total and acknowledged ignorance of the true condition of the assets and liabilities of said company, and to the great prejudice and loss of the plaintiffs, and other creditors of said company, whose claims were left unpaid.

That during the time intervening between said suspension and said assignment, it was the general and notorious report and belief, that the assets of said company would not pay its liabilities, and the consequence was that the market value of claims against the company fell greatly below their par amount—ranging from 80 to 45 per cent.—and during the same time the said trustees, or most of them, availed themselves of

the depreciation of said claims, and bought them at various rates of discount, and then under the sanction of the board of trustees, applied them to the payment of the individual debts and liabilities of said trustees to said company, at the par amount of such purchased claims.

That this system of favoritism, as well to said individual trustees as other favored creditors, was kept up as long as said trustees could avoid assignment—so much so that although the resolution of the board of trustees to make an assignment was passed on the 15th of September, 1857, the assignment was not in fact made until the 26th of the same month—and was so deferred to allow said trustees and their friends to pay off their debts and receive their claims.

That when said assignment could no longer be deferred, the said board of trustees selected and constituted a part of their own body as assignees, and in effect made the assignment to themselves—in order thereby to keep to themselves a virtual control over said assets, and to prevent any inspection of the books, accounts and proceedings of said trustees by any person or persons outside of said board of trustees, and the officers and employees of said company.

That the said six trustees, so made by their own concurrent action the assignees of said company, accepted said office, and have continually since acted therein, and yet remain members of said board of trustees, as plaintiffs are informed and charge.

That the said assignees, though frequently applied to for that purpose, have refused to allow any examination to be made of the accounts, assets and condition of said Trust Fund, on behalf of creditors, and especially upon a written application made for that purpose, by the plaintiffs, refused to allow of any examination.

That said assignees have rendered no account to said company, its stockholders or creditors, of the condition of the assets which came to their hands, and of the manner in which they have been disposed of by them, or any particulars or detailed statement of said assets or liabilities.

That said assignees under the pretended power of compromise contained in said assignment, have, in effect, allowed preferences to some of the creditors of said company—and have greatly wasted and misapplied the said assets in the employment of counsel and agents more numerous than necessary, at high rates of compensation, and in running

into great extravagance and unusual expense in the management of said trust.

That said assignees have wrongfully given to said Ludlow, cashier, a release from all liability to said company, being moved thereto by the fear that said Ludlow would otherwise expose the knowledge and complicity of said trustees, or some of them, in the said transaction of Ludlow, hereinbefore referred to, and they, the said assignees, in order to conceal the fact of such a release, have personally, or by the agency of others, requested the said Ludlow to keep silent on the subject of said release.

All which actings and doings are contrary to equity and tend to the great injury of the plaintiffs, who are without adequate remedy, except on the chancery side of this honorable court.

And the plaintiffs further say, that they bring this bill, not solely on their own account, but for and on behalf equally of the other creditors of said company, who will come in and contribute to the costs of the suit; and they say that they cannot bring the same in the corporate name of said company, because none but said trustees or assignees are authorized so to use it.

The plaintiffs pray that a receiver or receivers be appointed by this court to take charge of the assets, books, and all the property of said company—whether in the hands of said assignees or elsewhere—that subpœnas issue against all the said defendants resident within this district or the northern district of Ohio—and that the said other defendants residing out of the State of Ohio be served with process whenever they may come within the jurisdiction of the court—and that all the defendants served with process do answer this bill.

That the said trustees be decreed to account for their management of the affairs of said company, and to pay to, and indemnify the plaintiffs and the other creditors of said company, for all losses they have sustained by reason of the said default of said trustees.

That said assignees be also decreed to account for the management of said trust, and for the losses sustained by their default.

That the said assets be marshaled and distributed by this court among the creditors of this company, with as little delay as may be necessary, according to equitable principles.

That a preliminary or provisional injunction issue, to prevent the said

defendants, or any of them, from further action or interference with the assets of said company, and to deliver to the receiver or receivers that may be appointed by this court, all the assets, books, accounts, papers, and all other property belonging to said company.

And that the plaintiffs have such further and other relief as their case may require and to equity may belong.

HENRY STANBERRY,
N. C. McLEAN,
Counsel for complainants.

Mr. McLean also read the following documents:

Affidavit of Thomas A. Nesmith.

Circuit Court of the United States, Southern District of Ohio—Bell & Grant *vs.* The Ohio Life Insurance and Trust Company.—State of Ohio, Hamilton county, ss.

Thomas A. Nesmith, being duly sworn, deposes and says, that he has examined the records of Hamilton county, Ohio, for the purpose of ascertaining the transactions of the Ohio Life Insurance and Trust Company since its suspension in August, 1857. From his examination affiant found that from the 26th August to the 26th September, the said Trust Company cancelled mortgages from its debtors to the amount of upward of $300,000. That a large portion of said indebtedness to said Trust Company was from the trustees and present assignees of said Trust Company. That affiant is informed and believes that a large portion of the indebtedness of said trustees and assignees was paid in checks and certificates of deposit, purchased by them for that purpose, at greatly reduced rates from their par value, in consequence of the general belief in the insolvency of the said O. L. I. and T. Company.

Affiant furthermore says that he found in the following month of October the said Trust Company cancelled mortgages from its debtors to the amount of nearly $100,000 more. In all, to the amount of $400,000, very nearly, in said county of Hamilton. Affiant further says, that said Trust Company, after its suspension, transferred the most of its real estate in said Hamilton county, and other property to one of its largest creditors, in full payment of said creditor's claims.

Affiant further says that he is informed, and believes that said Trust

Company transferred real estate and mortgages to certain of its creditors in various parts of this State and elsewhere, to the amount of $1,300,000.

Affiant further says that he, in company with certain creditors of said Trust Company, and in behalf of a large number of said creditors, was not permitted to inspect the books of accounts of said Trust Company, although application was made both verbally and in writing to do so. Said Trust Company have failed to give any satisfactory statement of its affairs to its creditors, although requested both verbally and in writing to do so.

Affiant further says that said Trust Company claim that their difficulties chiefly arose from the improper acts and the improper uses made of the property of the company by their cashier, Ludlow, in their New York office, and his negligence in keeping the books in that office. But that notwithstanding the large losses of money by said Ludlow, and his consequent heavy liability to said company on account thereof, the said assignees recently discharged him from all of said liabilities, without any consideration, as affiant is informed and believes, except that said Ludlow should keep silent as to the said release and to the general management of the Trust Company.

THOS. A. NESMITH.

Subscribed in my presence, and sworn to before me this 10th day of October, 1858.

CHARLES C. BROWNE,
Notary Public.

Affidavit of R. B. Hardy.

U. S. Circuit Court for the Southern District of Ohio. Bell & Grant *vs.* The Ohio Life Insurance and Trust Company, State of Ohio, Hamilton county, ss.

Richardson B. Hardy makes oath and says, that at the time of the failure of the O. L. I. and Trust Co., he was a creditor thereof. That affiant made frequent inquiries at the office of said Trust Company for information concerning their condition, &c., and that he was told by officers of the said Trust Company that Mr. Ludlow, the cashier of the company at New York, was a debtor to said company to a very large

amount, that the books of the company at New York had been falsified and that they could at any moment put him, said Ludlow, in the penitentiary for what he had done, but as a matter of policy did not do so, and that the great losses had occurred through his acts and mismanagement in the New York office. But notwithstanding all this, affiant says that said Trust Company heve released said Ludlow from all liabilities whatever, and have charged silence upon him as to the same, as affiant is informed and believes. Affiant further says that from developments since said failure, it appears that said company had for a long time previous been insolvent; and affiant says, that while so insolvent they made dividends upon their capital stock. Affiant also says that at this time the cashier of said company purchased a large amount of the stock of said company with the money of said company, for the purpose of keeping up the price of the stock, and permitting the company to speculate in its own stock, as affiant is informed and believes.

Affiant further says, that soon after the failure of said Trust Company, the cash balances of the New York office to Ohio banks, amounting to $1,300,000, were paid off with bonds and mortgages belonging to said company. And affiant further says, that since the failure of said company, it has cancelled some $400,000 of real estate mortgages in Hamilton county, Ohio, which had been made to said company, and that a large portion of said mortgages were from trustees of said Trust Company; and that a portion of the mortgages from said trustees were paid off with checks and certificates on said Trust Company, which said trustees had purchased at a discount for said purpose, as affiant is informed and believes.

RICHARDSON B. HARDY.

Subscribed in my presence and sworn to before me, this 18th October, 1858. CHAS. C. BROWNE, Notary Public.

Professional Statement of Messrs. Stanberry and McClean.

Circuit Court United States for 7th Circuit and District of Ohio. James C. C. Bell et. al. *vs.* The Ohio Life Insurance and Trust Company et. al.

The undersigned state professionally that they represent creditors of

said corporation largely exceeding a half a million of dollars in amount —all of whom are non-residents of the State of Ohio—and they are informed and well believe that a large majority in amount of claims of all the creditors of said corporation reside out of the State of Ohio, and are not citizens of said State. That the creditors so represented by the undersigned are desirous of availing themselves of the jurisdiction of the court under the above entitled case; and that, at a meeting recently held of the domestic creditors of said corporation, citizens and residents of Ohio, the purpose of filing this bill in this court was publicly stated, and, as the undersigned have understood, was acquiesced in by said meeting of creditors.

That a motion is about to be made in the supreme court of Cincinnati, at the instance of some creditor, for the appointment of a receiver of said corporate assets. That such proceeding is, as the undersigned well believe, adverse to the wishes of a majority of the creditors.

That said corporation is totally insolvent—and all the assets will fall greatly short of paying the debts.

That the present assignees, who have the possession of said assets, were, at the time of their appointment, members of the board of trustees, who made the order for the assignment, and are deeply interested against the relief prayed for in said bill; and the undersigned are informed and believe that the order of said board of trustees appointing said assignees and ordering said assignment, was made at a meeting at which only eleven trustees were present, of whom the six assignees constitute a part. The undersigned believe that the interest of the creditors requires the immediate appointment of a receiver or receivers.

HENRY STANBERRY,
N. C. McCLEAN.

Professional Statement of E. A. Thompson.

E. A. Thompson states that he has for some time past represented a large number of the creditors of the O. L. I. and Trust Company, and has had occasion to become acquainted with the general sentiment of the domestic creditors as to the removal of the assignees, and the appointment of a receiver—and says that he believes the great bulk of the creditors are entirely opposed and dissatisfied with the actions and

doings of the assignees, and are in favor of a receiver. The fact that nearly fourteen months have elapsed since the failure, and that little or nothing has been done by the trustees or assignees towards settling up the affairs of said company, contrasted with the further fact that all of the best assets of said company are paid out to certain favorites and powerful creditors, between the failure and assignment, has exasperated the remaining creditors, who remain wholly unpaid, to such a degree, that they have resolved to resort to the courts for redress.

E. A. THOMPSON.

Statement of the Condition of the New York Office of the Ohio Life Insurance and Trust Company, April 15, 1857.

Dr.

Bank of Commerce	$22,097 76
Manhattan Co	3,332 86
Bank State of New York	1,000 00
Metropolitan Bank	2,568 95
Office at Cincinnati	1,016,849 18
Loans	1,117,290 52
Interest account	24,457 15
Exchange account	2,533 27
Expense account	7,799 36
Profit and loss	14,002 18
Bank of Attica	4,568 39
Bank of Circleville	921 72
Barnet, Hoare & Co	1,587 46
Chillicothe Branch	3,592 70
Clark County Bank	945 02
Cleveland & Pittsburgh R. R.	2,367 95
Commissioners Sinking Fund	15,149 01
Central Bank, Indiana	4,370 51
City Bank, Columbus	1,777 07
Cleveland & Pittsburgh R. R. Coupon account	36,958 70
Commercial Bank, Cincinnati	200 00
Commercial Bank, Cleveland	2,276 65
Deferred Interest	2,741 77
Exchange Bank, Columbus	7,743 64

Farmers' and Mechanics' Bank, Hartford	$17,478 48
Greenville and Miami R. R	1,974 06
Harrison Branch	1,509 64
Indianapolis & Cincinnati R. R	18,365 65
Interest on stocks	1,398 00
Knox County Bank	1,466 29
Michigan State Bank	1,573 83
New York State Bank	39,716 86
New England Bank	26,515 74
Newark Banking and Insurance Company	1,576 82
North Western Bank, Virginia	3,182 59
C. C. Newell	350 00
Wm. Neil	8,662 29
Powell Bank	521 33
Portsmouth Bank	22,341 94
Webster Bank, Boston	8,910 39
Western Bank, Philadelphia	3,831 86
White's Bank, Buffalo	1,163 49
	$2,457,671 08
Individual accounts	167,866 21
	$2 625,537 29

Cr.

American Exchange Bank	$75,980 62
Office check account	139,307 87
Athens Branch	1,028 97
American Exchange Bank	56,001 52
Akron Branch Bank	786 49
Auditor State of Ohio	48,808 79
Bank of Geauga	20,428 93
Bank of Marietta	15,674 02
Bank of Portsmouth	13,384 23
Belmont Branch	25,903 98
Board of Control	42,095 60
Bank of Marysville	1,706 53
Bank of Commerce	20,476 16
Bank State of New York	50,000 00
Bank of Ashland	6,128 24

Bell & Grant	$64,790 61
Champaign County Bank	28,265 38
Cincinnati, Hamilton & Dayton R. R	3,494 82
" " special account	28,819 31
Ohio Redemption account	13,091 51
Delaware Branch Bank	14,412 64
Dayton Branch Bank	13,493 25
Dayton Bank	5,467 28
General Dividend	3,371 00
Dividend No. 37	1,123 00
Exchange Bank, Circleville	7,635 23
Exchange Bank, Greencastle	9,803 40
Franklin Branch, Columbus	45,648 89
Farmers' and Mechanics' Bank, Philadelphia	2,956 25
Farmeas' Branch, Salem	23,154 66
Farmers' Branch, Ripley	20,489 80
Farmers' Deposit, Pittsburgh	34,611 07
Farmers' Bank, Urbana	3,774 43
Farmers' Bank, Mansfield	8,229 38
Guernsey Branch	45,402 23
Hocking Valley Branch	12,795 70
Indianapolis Branch	374 32
Jefferson Branch	23,742 84
Iron Bank, Ironton	7,031 67
Interest on bonds	467 77
Logan Branch	15,646 48
Little Miami R. R	1,297 94
" special account	50,000 00
Merchants' and Mechanics' Bank, Wheeling	12,883 68
Mad River Valley Bank	25,855 68
Miami County Bank	215 02
Muskingum Branch	24,529 45
Mahoning County Bank	261 25
Mt. Pleasant Branch	14,913 29
Merchants' Bank, Cleveland	23,718 10
Marietta and Cincinnati R. R	822 93
Miami Valley Bank	2,037 54
Norwalk Bank	1,569 78
Piqua Branch	13,737 90

Ocean Bank	20,000 00
Pickaway County Bank	44,252 38
Preble County Bank	32,975 75
Parkersburg Branch	8,709 78
Point Pleasant Branch	25,451 26
Peninsular Bank	1,215 07
Patterson and Hudson R. R	3,435 22
Patterson and Ramato R. R	2,615 91
Ross County Bank	17,320 03
Summit County Bank	3,681 77
Springfield Bank	2,189 29
Savings Bank, Detroit	7,501 77
State Bank, Indiana	3,964 49
Vincennes Branch	19,397 88
Windham Bank	11,444 01
Western Reserve Bank	32,045 19
Wayne County Branch	3,008 21
Wellsburg Branch	3,266 32
Xenia Branch	41,598 34
	$1,411,720 10
Individual accounts	1,213,817 19
	$2,625,537 29

Individual Accounts, April 15, 1857.

Dr.

James S. Armstrong	$1,140 60
J. W. Andrews, Ex'r	1,300 00
J. J. Anderson & Co	4,481 44
Sam. J. Beals	1,034 65
S. Brady	1,951 76
J. C. Butler & Co	1,626 90
J. H. Baker	1,100 00
R. Bayard	5,000 00
County of Mercer	221 45
City of Wheeling	47 13
Carlisle & Stedman	284 99
Carpenter & Vermilye	2,573 37
F. Cutting	6,592 30

C. Dietrich	$980 00
Decoppet & Co	1,625 00
A. Edwards	5,200 00
Fisher, Denny & Co	2,383 84
E. T. H. Gibson	70 00
A. Gross	210 00
J. Gardiner	495 00
J. H. Hazard	3,420 00
J. Harrison	455 00
Holcomb & Co	5,515 28
W. A. Hill & Co	677 51
Wm. Heigler	1,056 03
Hempfield R. R	18,642 45
do coupon acc't	275 60
Harshman, N. & Co	764 25
Hillsborough & Cincinnati R. R	35 30
S. B. Keys	4,040 17
Geo. H. Kelsey	3,536 28
A. Kelley	311 50
H. C. Lord	26 83
E. Ludlow, trustee	843 75
Marie & Kanz	1,466 50
Nor. & Wor. R. R	9,045 85
Ohio State stock	18,139 51
S. W. Ogstone	4,059 72
S. H. Parsons	3,750 00
C. W. Rockwell	8,784 91
Riggs & Co	950 00
Sanford & Co., Buffalo	43 31
Stebbins & Bloodgood	420 00
D. D. Spencer & Co	154 50
J. H. Shoemaker	1,301 42
G. & J. H. Shoenberger, Pittsburg	66 85
Sandusky, M. & N. R. R	7,299 31
C. Stetson	3,028 68
G. Swan	400 35
C. J. Stedman	1,740 77
R. C. Stone	3,041 68
F. Tuttle	762 63

J. M. Thorne	$658 11
T. W. Tallmadge	972 50
J. Tucher	3,960 00
Trevor & Colgate	3,000 00
Tomb, Huss & Co	787 32
A. M. Taylor & Co	236 42
C. F. Ulhorne	2,187 50
J. B. Varnum	2,800 00
Van Vleck, Read & D	1,400 00
A. P. Woods	390 00
N. L. Wilson	4,396 38
J. Wright	4,000 00
Young & Pomeroy	703 61
	$167,866 21

Cr.

S. J. Auler	$400 00
Andrews & Wilson	10,500 00
Adams, Carlins & Co	9,202 50
Wm. A. Butler & Co	556 63
Butler, Meeks & Co	4,125 05
Brown, Bros. & Co	65,000 00
Beebee & Co	150,098 33
Wm. K. Bond	669 52
John Butler	4,000 00
Brokers' deposits	1,000 00
C. Conahan	1,397 02
City of Portsmouth	313 97
City of Toledo	78 43
City of Galena	34 94
Cincinnati, Peru & C. R. R	238 00
Cincinnati Gas Light and Coke Co	192 66
Jas. H. Cauldwell	17,046 61
C. V. Culver & Co	120 92
Coupon acc't	1,006 25
C. Collins	3,011 22
Columbus & Xenia R R	70 00
City of Steubenville	70 00

John S. Carr	$25 00
Dayton & Western R. R.	173 35
Dennistown, Wood & Co	190,065 05
E. Dexter & Son	60,349 93
J. L. Dumont	58 00
D. Dorrance	1,810 25
A. H. Dumont	8 31
Fairfield County	171 95
E. Franklin & Son	4,348 07
J. P. G. Foster	172 67
B. Ford	75 00
S. Fosdick	16,801 14
S. E. Foote	50 00
Franklin Township	35 00
D. Gould & Co	908 54
Grosvenor & Co	4,799 07
Wm. Greene	862 12
Gilbert & Johnson	1,000 00
J. S. Hank	99 50
Jas. K. Hitchcock	130 00
G. A. Hall	1,317 74
Hertzler, Harrison & Co	1,694 80
Wm. Hoge & Co	190,252 93
Jas. G. King & Sons	48,055 55
Keck & Hubbard	10 00
E. Ludlow	3,200 45
Latimer, C. & L.	1,153 84
James Lee & Co	103,963 64
Wm. J. Lowry	320 33
D. B. Lawler	36 91
R. L. Lord	29,000 00
F. W. Lasack	4,500 00
Miller, D. & Co	4,281 44
Martin & Co	1,423 40
J. McCormick	1,275 00
McDonald, Spear & Co	216 35
O. M. Mitchell	487 78
Miami County	1,000 00
Munroe Township	35 00

Marietta Bucket Co	$3,842 11
Newark Township	10 00
N. G. Nettleton	22 72
Orange Township	35 00
Oxford Township	557 66
Portland Township	979 29
Pickaway County	145 48
J. P. P. Peck	867 84
G. M. Pares	500 94
Robinson, King & Co	266 41
Rumley Township	35 00
Robb, Hallett & Co	30,000 00
Jas. A. Regua, agent	4,019 00
Sundries	1,463 38
M. Sanford & Co	1,325 05
Straight, D. & Co	78 94
Spears, Case & Co	31,710 09
Smith, W. & Co	16,566 87
Strachan & Scott	57,810 47
J. & H. Shoenberger, Cincinnati	5,448 62
Steubenville & Indiana R. R	2,839 74
R. Schell	60,133 73
Wm. A. Seaver	1,100 00
Steubenville & Indiana R. R	620 50
Scioto County	53 29
J. L. Smith	216 60
C. J. Stedman, special acc't	17,081 94
O. C. Thompson	910 31
Town of Newark	35 00
Town of Elyria	73 07
Tuscarawas Township	105 00
A. Van Horne	9,596 69
Geo. Williams	6,193 09
West Col. M. & M. Co	684 50
Water Works, Detroit	473 68
Washington Township	43 23
Wather	11 75
C. J. Woods & Co	1,442 87
Winters & Son	11,730 66

J. Woodbridge	$20 80
C. H. Williams	1,411 69
Young & Waite, Rec'rs	54 02
	$1,213,817 19

Amount Loans, April 22, 1857.

$497,977 62.

Date.		Loan.	Value.	Loss.
1853.				
July 1	R Ackerman	$3,000 00	2,000 00	$1,000 00
Jan. 15	Fulton Cutting	4,000 00	2,000 00	
June 18	John Parker	2,325 00	1,500 00	
1854.				
March 11	L. S. Thomas	5,000 00	2 000 00	3,000 00
June 25	F. Cutting	1,900 00	1,200 00	
1855.				
June 11	G. K. Kelsey	5,000 00	2,500 00	5,200 00
March 17	J B Hull	5,000 00	3,750 00	1,250 00
Aug. 14	F. Cutting	3,956 88	1,600 00	
May 15	do	3,500 00		
		$33,681 88	$16,550 00	$7,750 00
		16,550 00		
	Short	$17,131 88		
	Of which is good	7,750 00		
	Net short	$9,381 88		

Dividend claimed of Gower, Nephews & Co.	$36,000 00

Doubtful items at debit, individual accounts :

F. Cutting	$6 592 30
W. A. Hill & Co.	677 51
S. W. Ogstone	4,059 72
	$11,329 53

Total—bad, short, margins $20,711 41.

General calculation, in Stetson's handwriting, of the necessities of the office, made it is supposed, Sunday or Monday, Aug. 23 or 24, 1857 :

We owe Sundries Loans in New York	$2,100,000
Collection paper	1,436,000
	$3,536,000

Crs.

Collection paper	$1,436,000
Office and Cleveland	914 000
	$2,350,000
With Coe—Bonds and Loans on collaterals, and attached	250,000
Brown Bros.	50,000
Ham. and Dayton	150,000
Sandusky	20,000
Philadelphia	50,000
Boston	30,000
	$2,900,000
Showing a deficit of	$636,000

235	2,350,000
596,635	747,600
150,972	
747,607	1,602,400

In Mr. Coe's handwriting:

September 19.

Mr. Ludlow says he has discovered the following items of error in account with Cleveland and Pittsburgh Railroad Company, viz:

No. 1,	$20,000	H. A. Johnson.	Total, $125,000 more for Dr. C. and P. R. R. Co.
2,	25,000	Prime & Co.,	
3,	75,000	J. Lee & Co.	

These, he says, are credited the R. R. Co. when received, but charged the parties themselves when paid. Nos. 1 and 2 are corrected to day by debit to C. and P. R. R. Co., and credit to the respective parties. No. 3 *must* be debited C. and P. R. R. Co., and credited J. Lee & Co., when compared with their account to be furnished on Monday.

He had previously reported a loan by E. Ludlow, agent Cleveland and Pittsburgh Railroad, of £10,000 with Garner & Co. vs. 100 C. & P. Bonds, due in about 40 days from this time. The bill of £10,000 so received, he says was remitted to Bell & Grant for Ohio L. & T. Co. account, and he has to day made entries crediting Garner & Co., and debiting Bell & Grant.

(Query.) Why should Garner & Co. be credited? I should rather credit the amount to Cleveland and Pittsburgh Railroad Company, as

Garner & Co. holds their agent's note for it, and not Ohio T. Co., and we have no desire to assume obligations not strictly our own) The note is given E. Ludlow, agent, and endorsed E Ludlow *personally.* Mr. Ludlow further says, this £10,000 bill was bought of Garner & Co., for credit of the C. and P. Railroad Co., but after the purchase, Garner objected to his selling it in New York for cash, but insisted upon his remitting it to London, which he did, and drew his own (cashier's) bill on Bell & Grant, £10,000, against it, which he sold Witherspoon & Co. for cash, and credited Bell & Grant for same. (Query. *Is it credited Bell & Grant?*)

To which Ludlow replies: I stated that C. & P. had a loan of £10,000 with Garner & Co., on 100 bonds. Upon examination, I find that the £10,000 so received from Garner was remitted to Bell & Grant, on the Trust Company's account. As the loan had some 40 days to run, I credit Garner & Co., at 9 per cent., and charge Bell & Grant. Against that, Garner holds $100,000 C. and P. bonds. It reduces the obligation of the C. and P. road outside, and also reduces our indebtedness to Bell & Grant. The note with Garner is agent of the C. and P. road, and endorsed by me individually. I bought the bill originally from Garner for the credit of the railroad, but after I reached my office, he followed up, and requested me to remit it, instead of selling it in the street which I did, drawing our bill against it, and crediting Bell & Grant, instead of C. and P. road.

This amount Dr. of H. A. Johnson & Co. is	$79,000
Credit them this item	20,000
	$59,000
And Yulee's note	39,000
Leaves to be accounted for	$20,000

Amounts reported to be due in New York.

	Ocean Bank	$140,000
notes	Dennistown, Wood & Co.	305,000
	Beebe & Co.	335,000
notes	W. Hoge & Co.	150,000
	James Lee & Co.	150,000
notes	Bank of Commerce ($55,000) ??	25,000

notes	New York State Bank			80,000
notes	James G. King & Sons			65,000
notes	Robert Hallett & Co			75,000
notes	do	Loan of	$10,000	
notes	Phenix Bank		($50,000)	15,000
	Bell & Grant (London)			
	Richard Irwin, Exchange			
	American Exchange Bank, $			

The above written in pencil, supposed in Stetson's handwriting, and is given to show the trouble they had in ascertaining their true condition.

LIST OF BILLS RECEIVABLE.

(In the hand-writing of a clerk of the office.)

	Office paper.	Paper discounted.	Miscellaneous.	Total.
Dennistown, Wood & Co.	$137,178 08	$82,199 98	$292,118 16	$511,496 21
Beebe & Co	77,725 38	3,050 00	104,845 14	185,620 52
J. G. King & Sons	24,882 66	1,000 00	95,832 15	121,714 81
Wm. Hoge & Co	84,688 70	10,000 00	192,624 93	287,313 63
Phenix Bank	11,000 00	.....	33,692 72	44,692 72
Bank Commerce on loans	8,200 00	.....	57,200 00	65,400 00
Bank Commerce	28,245 81	.....	54,519 38	82,765 19
American Exchange Bank	84,000 98	6,500 00	129,837 78	220,338 76
Bank State	17,405 88	13,227 60	74,463 81	105,097 29
Robt. Hallett & Co	5,800 00	.....	13,730 69	19,530 69
Ocean Bank	.....	.....	54,913 64	54,913 64
James Lee & Co	13,125 00	.....	264,139 41	277,264 41
Bills in Trust Co. Aug. 24	10,138 45	.....	148,117 56	158,256 01
New York State Bank	2,262 93	.....	33,732 90	35,995 83
New England B'k., Boston	15,028 68	.....	5,240 85	20,269 53
Bank Commerce, Boston	9,665 07	.....	26,555 94	36,221 01
Farm. & Mech. B'k, Phil.	64,187 56	.....	40,694 11	104,881 67
F. & M. Bank, Hartford	.....	.....	8,121 78	8,121 78
Miscellaneous accounts	.....	.....	7,929 49	7,929 49
Bills sent to office at Cin	.....	.....	2,112 36	2,112 36
With the Assignees' Bill	1,100 75	.....	.....	1,100 75
Bills not located	2,000 00	.....	119 30	2,119 30
				$2,353,155 60
Deduct bills returned to Summit Co. Bank				7,104 98
				$2,346,050 62

Returned to Guernsey Branch Bank $4,000.

AMOUNTS DUE.

Amounts in Statement.

Dennistown & Co	$216,000	$300,000
J. Lee & Co	91,000	310,000
Hoge & Co	182,000	190,000
Brown Bros	91,000	95,000
Ocean Bank	140,000	140,000
Beebe & Co	312,000	335,500
Am. Exchange		450,000
Bank Commerce	42,000	50,500
Bank of State	78,000	78,000
Robert Hallett & Co	10,000	10,000
Kings Sons	82,000	100,000
Phœnix	34,000	36,000
	$1,278,000	$2,095,000
		450
This is in Stetson's handwriting.		$1,645
		1,278
Add		$367
B. & Grant	$150,000	
T. & Scott	25,000	

Paper Deposited as Collateral Security.

	Beebe	$185,000 00
	W. Hoge & Co	275,000 00
	King & Sons	62,130 92
	Dennistown, Wood & Co	510,000 00
	Bank Commerce	25,000 00
	Robert Hallett & Co	19,500 00
Transferred Am. Ex. Bank.	Bank State New York	62,500 00
	Brown Bros. & Co	66,000 00
	J. Lee & Co	93,500 00
	Phœnix Bank	45,000 00
		$1,343,630 92
	American Exchange Bank	90,000 00
		$1,433,630 92

Of which belongs to Office Cincinnati, say	$600,000 00	
Disc't for credit of depositors	125,000 00	700,000 000
		$733

In pencil—endorsed 'mem. from Coe ;' the upper being in Stetson's handwriting, the lower in Coe's.

Estimates Supposed to be made Saturday and Sunday preceding failure, and supposed to be in Coe's handwriting.

Liabilities, $

Western depositors, say ---------- $

Loans for parties in New York.

			DEFICIT.
Beebe & Co	$242,000 00	$335,000,00	$93,000
James Lee & Co	110,000 00	310,000 00	200,000
Dennistown, Wood & Co	223,000 00	298,000 00	
and £15,000	75,000 00		
W. Hoge & Co	142,500 00	190,000 00	48,000
Ocean Bank	90,000 00	140,000 00	50,000
Am. Ex. Bank, (Loan)	96,000 00	476,000 00	
	380,000 00		
Brown Bros. & Co	95,000 00	100,000 00	
James G. King & Sons	86,000 00	86,000 00	
Bank Commerce	50,476 00	50,476 00	
Bank State New York	78,000 00	78,000 00	
Phœnix Bank	35,000 00	35,000 00	
Robt. Hallett & Co	83,266 00	83,000 00	
Richard Irvin & Co	48,666 67	48,666 67	
	$1,834,908 67	$2,230,142 67	$395,234

Deficit.

Loans unaccounted for $——

In pencil.

No date to this statement, but supposed to have been made about the time of the failure. It is supposed to be in Coe's handwriting:

ASSETS.

Collection paper		$2,350,000
Loans—Am. Ex. Bank—(sundries besides)		350,000
Paid in Cincinnati—coll. paper	$1,836,000	
"	48,000	
		1,884,000

Assets with Beebe & Co., (besides coll. paper).

411 C. & Pitts., say ---------- 200,000

94 Florida, say	$50,000	
30 Sandusky, say	15,000	$250,000
Brown Bros. & Co., (bonds, &c.)		100,000
Hamilton and Dayton bonds, 150 M		120,000
Boston		30,000
		$5,084,000
Ocean Bank—140 M bonds	70,000	
Cash	25,000	95,000
		$5,179,000
Cleveland and Pittsburgh	800,000	
Less 550 bonds at 60c	300,000	
Balance	500,000	500,000
James Lee & Co., 110,000 Florida, say		75,000
		$5,754,000
Sheriff, $21,000.		
Liabilities (credit footing statement)		4,132,000
Add sundries	67,000	
D. Ward & Co	100,000	
J. Lee & Co	200,000	367,000
		$4,499,000
Bell & Grant ($255,000)		145,000
S. & Scott		25,000
Credits		$4,469,000
Collection paper		1,436,000
Liabilities		$6,105,000

In Coe's handwriting—Coe making the inquiries :

August 22, 1857.

Memorandum of a conversation had informally at the office of Booth & Edgar this morning. Present—Mr. Booth, Mr. Coe, Mr. Ludlow, Mr. Foster, and D. H. Martin.

To Mr. Ludlow. What is your entire indebtedness to the company ? $250,000 at the outside.

What collaterals have you ? $300,000 of Cleveland and Pittsburgh bonds ; 1,500 shares of Indianapolis and Cincinnati Railroad stock, which I can release for $25,000 ; $20,000 of Florida bonds ; $80,000 of Kentucky Mining Company bonds ; and odds and ends of a large amount.

How much of the company's stock do you own? 2,500 shares at a cost of about 80 per cent.

Who holds that, or from whom have you borrowed on it? I have borrowed from five or six parties, and it cannot be slaughtered, as I can stop it.

Who holds it? Stebbins & Bro., E. T. Munroe about 600 or 800 shares; E. Prime, 400 shares; Alfred Colvil, Wainwright & Bro., H. A. Johnson, 150, shares; Beebe & Co, 250 shares; Marie & K., and are all borrowed in my individual name, and on my own notes, and *not as Cashier*. On 1,500 shares of Indianapolis and Cincinnati R. R. stock, I borrowed of H. A. Johnson, and on the bonds of S. & Gebhard; and six months ago I went into C. & Pittsburgh, and I kept going in deeper and deeper until I was slaughtered out and out. I have *no* contracts on C. & Pittsburgh of any kind. I have lost $50,000 to $60,000 in less than two months, and my principal losses have been within 15 or 20 days, but principally within two weeks.

That balance sheet is wrong; what does the cashier's account consist of? It consists of bills receivable, $35,000 of Uhlom's paper, and $15,000 of Samuel B. Keys, of Cincinnati; $25,000 of Bayard & Rockwell, on Norwich and Worcester, $10,000 loan to Munroe on bills *discounted*.

Where can the error of $50,000 in the Ocean Bank be? In the cashier's account.

You make that account a kind of lumber room, don't you, to pile all sorts of traps in? Yes, I suppose so.

Have you any contracts on Cleveland and Pittsburgh, or of any kind? I have no contracts of any kind.

How much do you owe to the company? I made up a schedule within two weeks, and I had $350,000 of stock, bonds, &c., and I supposed I was worth $250,000.

What did it consist of? Cleveland & Pittsburgh bonds and stock, Cincinnati & Indianapolis Railroad stock and bonds, Cincinnati, Hamilton & Dayton stock, &c., &c., &c.; and I can pay all I owe in three months. I have 1300 shares of O. L. & T. Company stock on time buyers' option, and I can sell to-day and make $15,000 difference.

Was it not understood between the Bank of Commerce, Boston, and yourself, that you should kite on each other? Yes.

What security has Jas. Lee & Co.? They have the company's note, and bills receivable, as collateral.

Witherspoon, K. & Co., what is it? I don't know. The only thing I have not told you is a loan I have carried for Ezra. The debt of Ezra is $125,000, and I have sacredly pledged my interest in the O. & M. contract, and other things, for that debt.

Who holds that debt? Part of it is in cashier's account. I lost $20,000 by Ezra, and have paid it, and the accounts are so mixed up I cannot tell how much I owe.

Is any other person engaged in any kind of speculation with you? No. Is Mr. Martin? No. Is Mr. Foster? No. Am I? No, no one. Yulee is engaged in a negotiation with Thompson, Secretary of Interior, for a sale of his Florida bonds. Yulee owes $115,000, and the notes are in the vault, and the bonds are with Beebe & Co., at 50 cents on that amount, on $250,000.

What was done with the money for Beebe? I got 25 per cent. per annum for the loan, and Yulee had the money, and he will give me $10,000 or $20,000 of the bonds as a bonus for my services.

Is there any item, aside from you both, as under cover? No sir.

Is your name as cashier affixed to any document of your own? No sir.

Conversation with E. Ludlow—Sunday, Aug. 23.

Cincinnati, Hamilton & Dayton—special account.

C. J. Stedman,
Geo. Stedman,
J. C. Wright,
Sam. Fosdick,
Carlisle,
L'Hommedieu,
F. Bond,
E. Ludlow,

Crossed out.

400 bonds—$\frac{1}{8}$ each.

Of these,

150 are with Gilbert, vs. £20,000 drawn by E. Ludlow, *own* bill —matures *in October*.

80 with J. G. Garner, vs. $50,000 E. Ludlow's individual loans.

About 170 with Beebe & Co.—collection for loans.

400 in all.

Stated, in conversation with Mr. Stedman, the bonds were held by—

200 in England, £20,000.
75 $50,000, Garner.
28 Mr. Prime.
17 N. R. Cobb, $10,000.
5 in box.

325

Beebe & Co. report the following amount due them, viz:

Aug. 27 (excluding interest), $335,533 19, vs. the following securities:

1. 264 income bonds $1,000 each of Marietta & Cincinnati R. R. Co.
2. 411 bonds $1,000 each of Cleveland & Pittsburgh R. R. Co.
3. 65 do $1,000 " Little Miami R. R. Co.
4. 94 do $1,000 " Florida R. R. Co.
5. 30 do $1,000 " Cincinnati, Hamilton & Dayton R. R. Co.
6. 15 do $1,000 " Covington & Lexington R. R. Co.
7. 16 do $1,000 " Dayton & Michigan R. R. Co.
8. 30 do $1,000 " Sandusky & Mansfield R. R. Co.
9. 48 do $1,000 " Norwich & Worcester R. R. Co.

$973,000 in all.

10. Bills receivable, $207,620 52.

With Geo. S. Coe.—Aug. 27—5 P. M.

Mr. Ludlow states, in conversation with Mr. Coe, that he will take his oath, that the Cleveland & Pittsburgh Road owes him over $600,000. The Cleveland & Pittsburgh bonds belonging to himself ($300,000) were not the same kind as those received of Rockwell, but they were 2d bonds. He denies having received $1,150,000 bonds, as Mr. Rockwell is said to have said. That Mr. Rockwell took back $200,000 bonds, and borrowed money on them from Beebe & Co., in his own, or C. & P. R. R. Co.'s name. That he (Ludlow) has borrowed in his personal name of Richard Irvin, at a large margin, on the same bonds. He expects to receive $300,000 more, of which $200,000 have been mortgaged to-day.

In matters relating to Richard Irvin & Co.—Sept. 1, 1857—

Mr. Ludlow states, in conversation with Mr. Stetson, that Richard Irvin & Co. hold $100,000 Cin., Ham. & Dayton bonds (those belonging to office in Cincinnati) as collateral, for a credit for £10,000 sterling.

In matters relating to Cincinnati, Hamilton & Dayton—*special account*—Ludlow states: Joint account for purchase of

$400,000 2d bonds @ 80c, $320,000,

⅛ each, Geo. Stedman, C. J. Stedman, J. C. Wright, Sam. Fosdick, Carlisle, L'Hommedieu, F. Bond, E. Ludlow—all advanced by office.

150 with Gilbert, vs. £20,000 drawn on him, London, by E. Ludlow *personally*—due in October.

80 with J. G. Garner, vs. $50,000, E. Ludlow's *personal* loan.

170 with Beebe, vs office loans in account.

$400,000

No pledge or promise to carry the loans for any time.

The special account has credit for amount received from Gilbert, and due from Garner. The amount from Beebe is at his general credit.

Marietta & Cincinnati R. R., and Hillsborough, } owe $30,000.

Security—66,000 Marietta & Cin. R. R. bonds—Bonn.

72,000 Hillsborough & Cin.—Am. Exchange Bank.

Indianapolis & Cincinnati R. R. Co., Dr. $20,000.

Hempfield Railroad Company, Dr. $27,000,

vs. city Wheeling bonds (40 or 50 guess).

Beebe (probably).

Dennistown, Wood & Co.—due them $300,000 (includes £15,000 sterling to be charged to Bell & Grant), vs. $510,000 paper, of which $100,000 maturing in August—will discount,—and also $75,000 maturing in September—total $175,000. $125,000 balance, vs. $335 paper, leaves excess of $210,000 paper released; includes $30,000 Cleveland & Pittsburgh note.

Loan to contractors of Florida Railroad Co.—Yulee to this—embraced in account of Dennistown, Wood & Co., on statement, $136,000; vs. notes of Jos. Finnigan & Co., indorsed by D. L. Yulee, and secured by $116,000 Florida R. R. 1st mortgage bonds 7 per cents.; indorsed by State of Florida, 116,000 Florida R. R. land grant bonds 8 per cents. Of these, $80,000 are collateral with James Lee & Co.; balance with Beebe & Co., is at his general credit.

E. Ludlow's personal indebtedness is about $250,000
vs. $300,000 (on 275) Cleveland and Pittsburgh bonds;
75,000 (1,500 shares) Indianapolis and Cincinnati Railroad stock;
80,000 Florida Railroad bonds, endorsed by State of Florida—worth 80 cents (with Bonn);
10,000 Great Western Ill., 1st mortgage (worth 60 cents);
7,000 Marietta and Cincinnati, 1st bonds, City Wheeling.

He owns 2,500 shares Ohio Life and Trust Co.—cost 96 to 100—borrowed at about 80 cents—*individual name.* Thinks it can be carried.

In matters relating to Cleveland and Pittsburgh Railroad—estimated amount not over $600,000 vs. bonds, *supposed* $400,000 bonds (100 Martin, 300 Beebe, probably); will receive $800,000 Tuesday or Wednesday—all 2d mortgages.

Ludlow has personally $300,000—
140,000 Am. Exchange,
48,000 Martin,
Balance 112,000 Beebe probably.

1. Bayard to Wellsville, 800,000.
2. From Wellsville to Wheeling, 1,200,000.
2. Proper on whole line, 1,000,000.

$35,000 less due Beebe & Co., charged Bank of Commerce, Boston.

In matter relating to V. Worthington, Dr., balance..... $61,000
Morgan..... 51,000

$112,000

Originally loaned to him on Cleveland and Pittsburgh bonds and stock, and Norwich and Worcester, and Ohio and Mississippi, and Indianapolis and Cincinnati R. R.

Collaterals held, from memory:
$80,000 Cleveland and Pittsburgh Railroad bonds;
25,000 worth (5,000 shares) Ohio and Mississippi Railroad Company stock;
Norwich and Worcester stock.

Sweeney, President, Wheeling, stated that he borrowed of Mr. Ludlow, as cashier, $25,000 on $29,000 Virginia bonds, and remitted him in full for same in installments. He now finds that his remittances were not endorsed on the notes, nor can he find his stocks. They are said to

be with Stebbins & Bloodgood. The amount remitted was credited to his bank in Trust Company account.

Geo. Brown reports loan $10,000, E. Ludlow, cashier, to N. R. Cobb, on $17,000 Cincinnati, Hamilton and Dayton bonds, and $3,000 Cleveland and Pittsburgh Railroad Co. bonds—set up at auction—bought by Geo. Brown.

W. H. Carr, Tr. (letter 29th August, 1857), reports the following note: Note, Feb. 21, on demand,

Cash Advances.

Cincinnati, Hamilton and Dayton, *special*, about	$200,000
Cleveland and Pittsburg, exceeding	600,000
Marietta and Cincinnati	
Hillsborough and Cincinnati	
Indianapolis and Cincinnati	20,000
E. Ludlow (private account) vs. $400,000 property	225,000

Sterling transactions with
Brown Bros. & Co.
Dennistown, Wood & Co.
Hoge & Co.
Richard Irvin & Co.
James G. King & Sons.
Robb, Hallett & Co.
James Lee & Co.
Bell & Grant (London).

Marietta and Cincinnati R. R. owe and Hillsboro' } $30,000.

Security 66,000 Marietta and Cin. R. R. bonds. *Bonn.*
72,000 Hillsboro' and Cin. *Am. Ex. Bank.*

Ind. and Cin. R. R. Co. Dr. $20,000.

Hempfield R. R. Co. Dr. $27,000
vs. $ City Wheeling bonds (40 or 50 guess).

Beebe, (*probably*).

Dennistown, Wood & Co., due them, $300,000,
(includes £15,000 stg. to be chgd.
to Bell & Grant),
vs. 510,000 paper,
of which 100 M matures in Augt.
will disct.
and also 75 M " Sept.
175 M
$125 balance
vs. 335 M paper.
Leaves excess of 210 M papers released.
includes 30 M Clevd. and Pitts'g note.

Loan to contractors of
Florida R. Road Co.
Yulee and others
embraced in acct. of Dennistown, Wood & Co.,
on statement.
$136,000.
vs. notes of
Jo. Finnigan & Co., endorsed by
D. L. Yulee, and secured by
$116,000 Florida R. R. 1st mortgage bonds 7 per cent.
endorsed by State of Florida.
$116,000 Florida R. Road Land Grant bonds 8 per cent.
of these 80,000 are calld. with Jas Lee & Co.,
balance with Beebe & Co.

Extracts from the money articles of New York Evening Post.

Dec. 31, 1856. "One of the most certain symptoms of the approaching ease in the money market, is to be found in the decline of the rate of foreign exchange." Cleveland and Pittsburgh advanced one-half per cent. The Ohio Life Insurance and Trust Company will pay four millions of dollars, of which two-and-a-half millions are for the State of

Ohio, in liquidation of the funded debt, due January 1. $400,000 is also payable for State interest. Call loans 7 per cent.

Note.—The commissioners allow themselves to state a fact here, which is important to a correct understanding of the crisis of 1857. The decline in the rate of foreign exchange, was a deceptive symptom, for these reasons: During the latter part of 1856, and the earlier months of 1857, many bankers in this country had arranged for "London Credits," many of which were mere kiting operations, enabling parties to carry railroad and other securities, in the face of a sinking market. Foreign bills were therefore pressed upon the market, Ludlow's bills among the rest, and produced a decline. Another cause for a full supply of foreign exchange arose from the establishment of "agencies" in the city of New York by several banks in Germany--for instance, the Bank of Dessan, and the Bank of Darmstadt, and others. These facts would be likely to escape the notice of writers of money articles, as they were only fully developed after the crisis.

Jan. 2, 1857. The new year opens well in Wall street. The foreign news were received with favor. The principal business in Wall street to-day, is receiving and paying interest, dividends and loans. Money is in good demand, but there is no feverish pressure. The sale of a million of dollars of the new State loan of Ohio, redeemable in 1886, by H. A. Johnson & Co. to Duncan and Sherman, and for their English friends, has doubtlessly affected a little the rate of exchange, bills having been sold against the sale during the last ten days. Nearly the whole of this State loan has been re-sold--only about $100,000 remaining unsold. 108 has been obtained for some portion this morning.

Jan. 7. The Ohio Life Insurance and Trust Company have declared a half yearly dividend of 4½ per cent., which is an increase on previous dividends. We understand the company has a large surplus undivided. The State of Ohio and this company have settled all their differences.

Jan. 10. A correspondent states the fact that the Trust Company has been made "Register of the Cleveland and Toledo Railroad Company;" and then says: "In the Michigan Southern, and the Cleveland and Toledo, there seems to be too much recklessness in the issue of their bonds; and we have only to imagine a Schuyler working his way into the company, to suppose it probable, that one of these days, we

may be startled to find the debt of one of these companies is seven millions, and the other fifteen millions."

Feb. 2. The demand for money has considerably increased, and rates of discount are firmer.

Feb. 11. Ohio Life Insurance and Trust Company stock was in request at 99, being influenced by the recent decision in its favor of its suit with the Merchants' Trust Company at Nashville.

Feb. 14. Heavy sales reported of Cleveland and Toledo, &c.

March 6. The stock market has been a very animated one to-day. Transactions large and prices buoyant. The money market has improved in ease considerably this week.

March 13. Falling off in the earnings of the Erie Railroad seems to have taken the market by surprise. Stock has fallen $1\frac{5}{8}$; the demand for money seems to increase.

March 17. The advance in the stock market is owing to the return of confidence among outsiders. Speculators sold freely, but the outsiders, attracted by the sudden decline in price, came to the rescue and bought freely.

March 18. Stock market again depressed to-day. The table furnished, shows that Erie declined 6 per cent., Reading $2\frac{3}{4}$, Michigan Southern $3\frac{1}{4}$, and Cleveland and Pittsburgh $2\frac{1}{2}$. Foreign exchange very active for steamer to-day.

March 21. Stock market steady, but steady only in declining. Erie one-eighth, Cleveland and Pittsburgh one-eighth.

March 25. Stock market very heavy to-day, there being no ardor in buyers, while time sellers are pressing their contracts. All stocks declined. Cleveland and Toledo one-half, and Erie one per cent.

The very large "short" interest on the stock exchange that exists at present, is attracting special attention, especially as it must involve, at the expiration of the contracts, heavy purchases for delivery, which of themselves would make the market turn on its hinges. The sales on time, sellers' option, have been very heavy. Cleveland and Toledo has been especially sold down.

March 27. The "bears" appear to have oversold themselves, which seems to have given the market an upward turn. The stock market is not ruled by the supply and demand of actual stocks, as in other markets; but is swayed to and fro by time bargains of imaginary

amounts of securities far exceeding the actuals, and prices move up and down according to the courage, pluck, or temerity of the party who sells what he has not got, or of that which buys these imaginary securities.

March 31. On the stock exchange, the same peculiar contest which has raged between the buyers and sellers of stock for some time past, continues without abatement, and the condition of the money market has no effect to diminish the disposition to make time bargains. New York Central, and all stocks lost the advance of yesterday under bear sales.

April 1. The street was a little startled this morning by the appearance of an anonymous article of the Herald, charging fraudulent entries in the books and other doings, on the officers of the Michigan Southern. This gross and unjust attack upon the administration of M. S., has had the effect which was designed, to throw the whole stock market still more into the hands of the bears, and to cause a still further decline. Michigan Southern declined $2\frac{1}{4}$, Cleveland and Toledo three-fourths.

April 8. A further decline. The "sellers" keep complete control of the stock market. The bears swayed the stock market with great force this morning, taking advantage of a distrust of all railroad management. Cleveland and Toledo fell $2\frac{1}{2}$, Cleveland and Pittsburgh $1\frac{3}{4}$, Ohio Trust Company stock advanced one-half per cent.

Later.—A panic was forced on the market yesterday afternoon, by the brokers selling, to a large extent, the hypothecated stocks of their friends, who had bought and sold stocks with borrowed money only. The margins had previously been lost by the forced decline, and the brokers followed up the game by selling the stocks on which they had advanced money. This speculating with borrowed money always tends to injure the market for a rise, and always precipitates a tottering market. Those who cannot afford to hold the stocks they buy on speculation, had better abstain, as in a majority of cases they will lose. The bears have realized considerable gains, but are still, at the depressed prices now reached, putting out contracts with great boldness. Cleveland and Toledo fell two, Cleveland and Pittsburgh three-fourths per cent.

April 11. Bears were buyers and they hesitated for the first time. putting out new contracts.

April 15, 17 and 18. Each day, 100 shares of Trust Company stock sold at 95. 60 days sellers' option. (Supposed to be Bayard's sale.)

April 18. There has been another listless market to-day in stocks. The bears have it all their own way, from want of confidence, which is apparent among capitalists. Erie declined $\frac{7}{8}$, Cleveland and Toledo $1\frac{1}{8}$, Ohio Life Insurance and Trust Company advanced $\frac{1}{4}$ per cent.

April 21. Stock market wears a more cheerful aspect, but Cleveland and Pittsburgh sold down $50\frac{3}{4}$ under a special attack. 100 shares of Trust Company stock sold at 95.

April 24. To-day the stock exchange shows no improvement. On the contrary, the market is much depressed, the failures adding to the difficulties materially. (The failures are through Michigan and Southern.) 25 shares Ohio Life Insurance and Trust Company stock sold at 97.

(During the remainder of the month, attempts are made to rally the market, but are not successful. Cleveland and Pittsburgh declines steadily).

May 1. The stock market declined yesterday afternoon, and was barely maintained this morning at a decline. 22 shares Ohio Life Insurance and Trust Company stock sold at $97\frac{3}{4}$.

May 5. Cleveland & Pittsburgh below 50—$49\frac{1}{2}$.

May 6. Stock market more active, but also more heavy. Cleveland & Pittsburgh down to 48. Trust Company 98.

May 8. For the past few months the war of extermination has been carried on at the Stock Exchange, against nearly all railway stocks and bonds. The falsehoods which have been circulated to accomplish the purpose, have originated amongst the members of the stock board, or its supporters and retainers. The partial success which these men have met with, seems to stimulate to renewed exertions against this kind of property, and no kind of property is safe from attack.

The practice of selling other people's property is declared illegal, but no penalty attaches to it, and nothing short of heavy pecuniary penalty is likely to be effective to stop it.

In the case of the falsehoods affecting the Michigan Southern, they have been effectually disproved; but falsehoods, if they only obtain currency as truth for a short time, do their work effectively.

The transactions of the stock Exchange to-day, show the same unremitting determination on the part of the bear party to resist anything like an improvement.

The stock of the Michigan Southern was attacked by the sellers with great bitterness, and offered by one of its enemies at 60½, seller, six months, to the extent of hundreds of shares, selling some four or five hundred with deposits of 10 to 20 per cent.

The labors of these people were equally energetic on the remainder of the stock list, and from present appearances they design to wage a war of extermination for the remainder of the season.

In the meantime, the feeling outside is recovering its usual healthy and resolute tone, and we think we hazard little in saying that a better list of prices, with increased activity, will soon be witnessed in Wall street, in spite of the enemies of private and corporate credit.

Notwithstanding the late protracted effort to depress and keep down prices, nothing is more apparent than that stocks of all kinds are growing scarce. The condition of the Cleveland and Toledo stock illustrates this fact. The "time" stock, even, that sold at from five to ten days, is from one-half to three-quarters of one per cent. below the cash prices. It is plain that nothing is necessary to fully re-establish fair prices, and renew the old feeling of confidence, than the withdrawal of cash stock from the market. This is steadily but surely going forward, without organization or arrangement. Men are buying and paying for their stocks, and we look with confidence to the months of June and July to show important changes in the prices of our best stocks and bonds.

May 11. Cleveland & Pittsburgh down to 47¼; for other stocks the market rallied a little.

May 12. The decline in the stock of the Cleveland & Pittsburgh Railroad Company is remarkable, as there has been no issue of the stock lately by the company, or one likely to be made. A dividend in cash of 3½ per cent. is semi-officially announced as certainly to be declared, payable 1st July, and the increase in the earnings of the first four months of the fiscal year amount to $140,000, or near 100 per cent. on the corresponding receipts of last year. The total of the four months is stated to be over $300,000, yet the stock declined to 44 per cent. at the first call, a decline of 2⅝ per cent. since yesterday morning,

and 3½ since yesterday afternoon, when it advanced ⅞. At the second call it recovered one per cent., at which it closed firmly.

May 18. Stock market active, but variable.

May 19. Stock market was lively to-day, though under a heavy decline in prices. 25 shares of Trust Co. at 99¼.

May 20. 50 shares of Trust Company stock sold at 100. The stock has proved very irregular to-day.

May 37. 30 shares of Trust Company stock at 101. Cleveland & Pittsburgh at 44¾. The bears still seem to control the market.

May 29. The stock market has become buoyant. Bears are beginning to turn bulls, and are buying freely at an advance, but one leading party holds out.

May 30. Cleveland & Pittsburgh rises 2 per cent. 20 shares of Trust sold at 101. Stock market active.

June 2. Michigan Southern moves out of Williams street, where they are annoyed by the pressure of so many hostile brokers, and have taken new offices in Nassau street. There was quite a panic at the stock board to-day. Erie fell 4 per cent.

June 3. In the stock market we observe that the bull party has become master of the situation for to-day, though no one can tell how long it will last.

June 6. The want of confidence in railroad stocks is very great. The force brought to bear on this description of property is a moral or rather an immoral one, by raising suspicions or doubt of fraud, which have no foundation but in the corrupt imaginations of those whose interest it is to favor a decline. The intrinsic value of the property is not changed, and nothing like a desire to sell under a panic should be entertained by *bona fide* holders. The gambling which is going forward on the Stock Exchange, was never so intense and unprincipled as on the present occasion.

June 9. The stock market is again lower.

June 17. The stock market is very variable and irregular. Cleveland & Pittsburgh down to 42¼.

June 19. Demand for money on the increase. As the 1st of July approaches, a great many loans will be called in to pay dividends and interest then due, which will amount in the aggregate to ten millions.

June 20. The stock market continues to decline. It has no external support, the want of confidence being extreme. Cleveland & Pittsburgh 650 shares sold at 40. We are strongly assured by parties well informed on the subject, that there will be no interruption in the payment of interest on the State debt of Ohio, in consequence of the alleged defalcation of the Treasurer.

June 24. To-day the market was exceedingly heavy for the mass of railroad stocks.

June 26. The demand for money continues to increase slightly. The stock market is active to-day, though the activity is nearly all confined to speculative operations. Cleveland & Pittsburgh 38.

We learn that the late State Treasurer of the State of Ohio, Mr. Gibson, is in town. The present State Auditor is also here looking after the interests of the State. The amount borrowed on the 100,000 bonds of the Seneca County Bank, Ohio, was $58,000. The Auditor alleges that the bonds were some of those deposited with the Treasurer for the security of the circulation of the bank.

We are authorized to say that the Seneca County Bank of Ohio has not, nor has it had, one dollar of Ohio State or other stocks with Messrs. Atwood & Co. of this city; nor has that bank ever had any dealings with them, as alleged by a correspondent of the Cincinnati Gazette. Neither has Mr. Gibson (the late State Treasurer of Ohio) made any overdraft on Messrs. Atwood & Co. His transactions with said house are as Treasurer of State, and about which there can be no controversy.

The demand for money continues to increase slightly. The supply is however large, and no pressure is felt.

June 27. The stock market shows farther evidence of weakness. There is quite a panic in the market. Cleveland & Pittsburgh declined 3 per cent. down to 34½.

July 1. This is a very busy day in bank, in custom house and treasury. The prices of the leading stocks fell off yesterday afternoon, when the market closed heavily.

July 3. 100 shares Trust Company sold at 100½.

July 6. Stock market has an upward tendency.

July 7. There has been great excitement in the stock exchange to-day, produced by the sudden and great buoyancy of the market. This is now

the third day of a rising market—each day being marked by a considerable advance. Cleveland & Pittsburgh rose to 42.

July 8. The stock market fell off a little yesterday afternoon, but this morning has again risen.

July 17. The market is generally down to-day from 1 to 4 per cent. below yesterday's prices.

July 22. Partial advance.

July 24. A small decline.

August 8. An overissue in the stock of Michigan Southern found out.

August 12. Stock board rather dull to-day. Cleveland & Toledo fallen 8 per cent. within a few days.

August 14. The stock market is very heavy. Michigan Southern fell 8 per cent. since yesterday.

August 15. Among the sellers of Michigan Southern stock yesterday, was one of the principal banking houses in Wall street, which had held it in hypothecation. Also, one of the largest banks, which had loaned on it, as we have reason to believe, at a higher rate than was realized yesterday. We hear of another bank, which has lent its funds to the stock market on the same security. The names of both are given in the street, but it might be invidious to name them. They cannot too soon withdraw from this dangerous connection.

August 18. The weekly bank statement presents no material change from the previous report. Each footing shows a small decrease—the loans of $836,000; specie, $377,000; circulation, $202,000; and deposits a little over $2,000,000. Our banking system is, in fact, on a most stable foundation, in strong contrast with what it was before the establishment of the clearing house. It then danced on the financial surges like a cock-boat in a storm. Now it moves like a huge steamship, with an easy and grand momentum, on which ordinary winds have no sensible effect. The fluctuation of its aggregates, compared with the mass, might be compared to the slightest touch of the helm, changing the direction of the vessel so little that no eye less experienced than that of the pilot's can detect it.

The whole difference of the past week is but two and a quarter of one per cent. on the deposits, two and a half of one per cent. on the circulation, three and a quarter of one per cent. on the specie, and three quar-

ters of one per cent. on the loans. This is no more than a few bales of cotton more or less in the draft of a noble ship.

Our merchants, mechanics, producers, and sound bankers, have great cause to rejoice in the stability of this financial movement Their prosperity is bound up in it. Every honest pursuit is made more sure by it; while the inflated operations of the stock exchange sink into comparative insignificance.

The street is in a state of dangerous excitement for the dog days. Money is in active and pressing demand at the stock exchange. Loans are called in. It is getting more difficult daily to effect loans. Securities are scrutinized more closely. The feeling at the board to-day was one of mingled depression and excitement. A reference to our advance and decline table will show that it is all on one side. Cleveland & Pittsburgh 34½.

August 19. The stock market to-day exhibits great excitement, with prevalent heaviness of feeling.

August 21. The sales to-day were generally at a decline, two stocks only showing an advance over yesterday's prices. Cleveland & Pittsburgh down to 30.

August 22. Cleveland & Pittsburgh 29¾.

August 24. Trust Company failed. Cleveland & Pittsburgh 14¾.

September 1. E. H. Ladlow sold $100,000 of Ohio State stocks—being the last batch of H. A. Johnson's loan, at 85.

EXPLANATION OF SALES AT THE STOCK BOARD.

The letter *s* means that the *seller* shall have the right to deliver the stock and demand payment on any day within the time specified; s 60—seller 60 days; s n w, seller next week, &c.

The letter *b* means that the *buyer* shall have the right to call on the seller to deliver the stock; b 60—buyer 60 days, &c.

At, that either party may demand settlement of the other at *any time*.

C means *cash to-day*, the ordinary sales being settled on the day following.

P and *C*, that the *power of attorney* to transfer, and the *certificate*, shall

be equal to a delivery. This is necessary only when the transfer books are closed, or inaccessible.

Ex. div. means without the accrued dividend.

Precise accuracy is not attainable in giving the rates of commercial paper. The quotation of "first class" is applicable only to a very small proportion of sales. We shall aim at the current rate in the several grades quoted.

DOCUMENT D.

DEPOSITIONS RELATING TO THE OHIO LIFE INSURANCE AND TRUST COMPANY.

Testimony of Charles Stetson, taken September 30, 1858, before Chas. Reemelin, Commissioner.

Charles Stetson, after being duly sworn, deposeth and says:

I am now and have been, since November, 1843, president of the Ohio Life Insurance and Trust Company. I am the successor of Micajah T. Williams, the first president of this company. I have had the supervision of the general business of the company in both departments at Cincinnati; I have also had the care of the New York office, through correspondence, the regular semi-monthly statements, and occasional visits.

When in Cincinnati, I attended all the meetings of the board of trustees. The board met daily, and there was generally a quorum present. All the business of the company was well known to, and always controlled and directed by the board. The counsel of the individual trustees was always sought, and every opportunity afforded them to learn the state of the company at all times.

Every discount was presented to the board, or a good portion of the trustees, according to the first standing rule, which has stood ever since the bank was organized. There was no record kept of the offerings; only the bills and notes acted upon favorably were entered. I had frequent consultations with Mr. Bishop, Mr. Rice, and by correspondence with cashiers of the New York office, so as to be always fully informed of the correct condition and the working of each of the several departments of which these officers respectively had charge.

I kept, since January, 1857, a memorandum book, showing each morning the following matters: the daily income, the balance due to New York office according to our books, cash on hand, the entire amount of

bills discounted, and the entire deposits in the banking department due and unpaid.

Previous to that, from 1843, we had a book with the same items, excepting the balance due to New York office and the bills discounted; in their stead we kept a daily account of the specie on hand and the circulation. In this way, the action of the whole institution was closely watched and guided accordingly, as the board had the same facts before them, and were always governed by them. The trust department being more regular in its movements, and there being little variance in its accounts, was not so frequently nor so critically looked into.

The balance sheets of the Banking Department were made semi-weekly, those of the Trust Department semi-monthly, and from the New York office also semi-monthly. At the end of every month the general condition of the company, especially as to profits, was again collated, and the books containing them have been shown to you. Every act of the several departments was watched by myself with extreme solicitude. I attended to no other business, and was generally at the office during business hours. I kept constantly exchanging views with the officers having charge of departments, and so far as Cincinnati was concerned, I knew that everything was conducted with propriety.

The books of both departments in Cincinnati were kept by experienced book-keepers, and we very rarely heard of errors in the books; we could at very short warning have given a correct statement of our affairs, and furnished to every correspondent a full account; our books were never behind.

The New York office was under the charge of three resident trustees and a cashier. The trustees and the cashier acted under instructions adopted by the board of trustees at home. Occasionally the New York trustees were clothed with special powers, and the cashier would also occasionally call for special instructions, and special authority would be given him by special vote of the home board.

The New York Trustees were known to us to be frequently about the New York office; one of them had a desk there, and we had every reason to believe that the whole of these trustees exercised a wholesome supervision over the affairs of the office. There were also several large stockholders in the company, who would, as we believe, pay close attention to the movements of the New York office.

The last examination had of the affairs of the New York office, by a committee sent from home, was in April, 1855, and a report was made by that committee, which report I make a part of my testimony. A committee from home had also, in 1848, made an examination in 1848. In April, 1857, a committee, consisting of Stedman and Coe, the New York trustees, also examined into the condition of the agency, and their report was remitted to this office; a copy of the loan statement is hereby handed to you. In May, 1856, there had also been an examination; you will find these reports from the New York trustees in a separate book now in the possession of Mr. Coe; all these reports coincide in reporting the condition of the New York office as sound, and nothing was ever stated to us that would make us think that the semi-monthly statements, as well as the accounts, were not reliable or correct. During my visits in New York I would always make it my special business to look over the books and to examine into matters promiscously; and I never saw any effort, or anything that looked like an attempt to conceal anything from me.

The semi-monthly statements of the New York office were almost invariably received by me and carefully examined; a statement of the loans came also once a month, and was also looked into item by item. They were not always specially laid before the board, but they were always open to its inspection or that of any trustee. The semi-monthly statement book invariably laid upon the table around which the board met. The last semi-monthly statement that came, before the suspension, was August 1, 1857, which arrived here on the 12th of August, and is duly recorded in the book shown to you. We have also a statement of August 24th, 1857, made up after the suspension, on the day thereof, made after I got to New York. The last full statement of the "call loans" was transmitted to us in May, 1857. Mr. Coe has that statement both on a separate paper, and he has also the so-called loan book, in which reports of the loans are regularly entered.

Ludlow would write to me nearly every day, and his letters have all been shown to you. Ludlow would generally communicate through me with the home office, though he would occasionally write to Mr. Bishop on matters specially relating to the Banking Department.

The Tennessee, and all other heavy losses antecedent to 1848, have been fully reported to the Supreme Court, and every dollar was wiped

out, by not declaring dividends before 1850, and after that period it did not in any manner affect our movements, as the loss had been fully made up and charged out; every dollar realized from these old losses since, is a gain.

The item of about $17,000, to "wipe out losses antecedent to 1848," in the semi-monthly New York statements, is another matter. It embraced small losses sustained at that office, and they were accumulating earnings to wipe it out. It too has long been charged away.

The $50,000 of Canal Bank stock of New Orleans was received by us from the Nashville Insurance Company, as part payment of money due us.

We were very glad to get it, as it diminished to that extent our loss in that institution.

This stock has long been sold without material loss.

A part of the New York semi-monthly statements was a separate statement showing the names of "individual depositors" and "debtors," and also other details. These separate statements did not always accompany the general statements; the last we received was August 1, 1857.

We regarded the individual depositors therein named as *bona fide* depositors, and had no idea that they were really street or other forced loans; still less had we any suspicion that the accounts were incorrect. We knew the firms named to be large dealers in money, and there was nothing in the balances stated that was likely to excite our suspicions.

We were glad to see these deposits, and regarded them as an evidence of the confidence of the New York moneyed men in the agency, and it did not, and could not well alarm us.

We had not the slightest knowledge that 7 per cent. interest was paid on these so-called deposits, and we never entertained a suspicion even, that Ludlow was paying usurious interest.

We did not even suppose, that the balances reported due to the regular banks of New York were loans; in fact, we took the statements from the New York office exactly as they appeared on their face, believing them to be entirely reliable and faithful in all details.

My last visit to New York, previous to the suspension, was in October, 1856. I did not look over the daily entry books, nor notice then any daily entries of interest, which would make me doubt the character of

the deposits and loans as aforesaid, to be other than it was represented to us in Ludlow's statements and correspondence.

At times, when Ludlow would be writing to us, begging us not to draw so heavy upon him, and to reduce our balance, it would occur to us, that Ludlow might reduce his call loans; and we often wondered, that he did not do so, but it did not occur to us, to question their reliability for immediate realization, as the answer was always ready, that the money involved in these call loans must be kept up to the highest possible amount, as a matter of safety to the New York office, under all emergencies.

I noticed that the New York office would, at several periods, overdraw its current cash account with these banks, with whom it kept its daily cash, but did not excite any serious reflection or comment on my part, as I regarded it as altogether temporary, and we knew that our bills maturing there would soon restore account to its proper side. We felt that Mr. Ludlow could, and that he would call in loans for this same purpose. We knew the New York Agency to be so situated, as not to make it desirable to keep a large cash balance, the call loans being intended to serve as a reserve, which would always keep him from being cramped.

In our drawings upon the New York office, Mr. Bishop would always consult with me and I again the board. The safety of the New York office and its ability to discharge with ease all functions, for the accomplishment of which it was originally created and since kept up, was ever in our eye, and as you have seen from the books, we ever paid attention to Ludlow's statements and letters, and whenever he represented a close money market, or such a state of our balance as would cramp him, we would ever shape our course so as to ease him as soon as possible. This we did, not only ceasing to draw, but also by remitting, doing this, however, in such manner as not to unnecessarily jostle our affairs.

The books show this conclusively, we always looked upon the New York trustees as the best judges in this matter, and their and Ludlow's representations always were duly appreciated.

We would naturally, also, take into consideration the facts in our possession at home, as to bills maturing and going forward to the New York office. We would purchase exchange, if it was necessary, to

carry out the objects above explained. The great leading idea of the accounts between Cincinnati and New York, was to have at New York cash or cash funds, or bills receivable easily available for cash, sufficient to cover every dollar drawn and the whole balance due, and this was almost always, without any exception, the case.

The general running up of "loans to individuals" in the New York office, besides the call loans from about $40,000 in January, 1855, to $328,637 in May, 1857, $429,247, in August, 1857, created no suspicion with me, as on its face it appeared like an item into which temporary accounts were thrown. My examination of this item was not very close, for this reason, as there were no large amounts in it, except such as were from parties perfectly reliable, and for the same reason it did not attract my special attention, that Ludlow's brother appeared therein as a debtor, and this complains, too, that I paid no particular regard to the fact, that some railroads got into this item, and that some debtors formerly appearing in the loan statements had got into it. The account "Ohio Stock Account," in this same item, I took to have grown out of, or rather to be a balance or fragment of the negotiation with the State of Ohio, for the loan of 1856. The loan had been made at the office; but not by the company, and without making special inquiry, I thought it was a loan to some one connected with the negotiation, secured by a proper amount of State stocks. I have not ascertained to whom this loan was made. The amount of this account, as reported in August, was $18,139.51.

I saw the accounts "E. Ludlow, cashier," and "E. Ludlow, special," in the general statements, and "Ezra Ludlow," brother of E. Ludlow, cashier, in the loan statement, and individual loans. We regarded them as temporary in their character, and the accounts themselves showed them to be such; we believed them to be funds placed with Ludlow for special purposes, as, for instance, the $325,261.53 December, 1856, we looked upon as in some way connected with matters of the State of Ohio.

The connection of the New York Agency with the Cleveland and Pittsburgh Railroad Company arose in this wise: Gilbert & Johnson owed at the New York Agency a balance of some $40,000 to $45,000, which, in the opinion of the trustees in New York, Mr. Ludlow and ourselves was not fully secured. The security was $50,000 of Central Ohio Railroad bonds. The balance arose from a former heavy indebt-

edness of the firm of Gilbert, Coe & Johnson, which had failed in business in 1854. The company had waived the liability against Coe, and Gilbert & Johnson were held for the balance due. Gilbert had obtained a contract from the Cleveland and Pittsburgh Railroad Company to furnish it 6,000 tons of railroad iron, upon which it was supposed he would make a profit of $60,000. He then proposed to our company, to place in its hands $60,000 of the bonds of the Cleveland and Pittsburgh Railroad, as collateral, valued to be worth at least 50 cents on the dollar, and to do this with the consent of the railroad company, on condition of our advancing the needful credit, to an extent of $240,000, to enable him to make the purchase and carry out his contract. We were to receive 2½ per cent. commission—$6,000—and I suppose interest on our advances. The money would not be needed at once, only in monthly instalments of $37,500. From the profit of this contract Mr. Gilbert expected to pay the balance due us as above. This proposition, when first presented to our board, was rejected. It was again presented by letter from Ludlow and the New York trustees, copies of which are furnished you, and then a reconsideration being moved, it was passed, subject to the supervision and ratification of the New York trustees. The proceedings had are hereby shown to you.

The transaction, as to its mode of payment, was afterward presented to us in a more acceptable shape, as set forth in a letter of Mr. Ludlow's to me, dated April 19, 1856, by which the railroad company would sell her securities gradually for cash, and thus render it unnecessary for us to make any advances, and we here believed it to have been carried out under the arrangement spoken of in that letter, and the semi-monthly statements exhibited to us such a state of things.

On this transaction no loss was sustained by the Trust Company; but it led, as we suppose, to the other illegitimate and unauthorized transactions, which have proved so disastrous, and which produced the heavy indebtedness of that railroad company to us.

The item in the semi-monthly statements on the debit side called Cleveland and Pittsburgh Railroad bond account we took to be the one that related to this transaction. The true nature of the Cleveland and Pittsburgh railroad stock account was entirely unknown to me until after suspension. I saw the account on the credit side, and supposed it to be a deposit of money from the sale of stocks, with which we did not

suspect Ludlow to be in anywise connected, nor did we ever dream that any part of this matter was being done with money from our company.

The highest debt reported to us as due from that railroad company is $48,879 45, and in the last statement, August 1, 1857, it was reported to us at $11,943 85, and in the statement made up August 24, after suspension, it was $201,060 51; and the real balance after the account had been fully adjusted was $811,255 25.

There was besides a coupon account, being interest paid for the railroad, of which we knew nothing, and which showed in the statements only as a small account; but which exceeded $100,000 when finally adjusted. We ascertained, after the suspension, that Ludlow acted as agent for the railroad company, in selling its stock, a thing entirely unknown to us, and the company now claims of us pay for some 18,000 shares of its stock, said to have been sold by Ludlow, and as they claim, about 5,000 or 6,000 shares were never accounted for.

After the suspension, I ascertained that Ludlow had paid for that company many loans; for instance, a loan made in November, 1856, of Wm. Hoge & Co., for $175,000; again, to M. Morgan & Son, $50,000—the very amount he had reported to us as a loan to M. Morgan & Son; and thus the account is a mixture of loans, sales and purchases of the bonds and stocks of the company, and advances on the iron contract, which astounded me, when it was at last worked up into shape, as we at home had not the remotest suspicion of anything of the kind going on. Mr. Ludlow kept the main items of his accounts about the railroad company on separate papers, and the book-keepers could give me but little information. Ludlow had directed some entries to be made a few days previous to the failure, and afterwards he furnished datas from which the accounts have now been prepared.

The semi-annual dividend of 5 per cent., declared July, 1857, was declared only after a careful scrutiny of all the accounts and balance sheets, including that in New York. We had earned $138,711 64, from which we deducted the amount due in profit and loss in New York account, leaving at least $126,000 of nett profits. We only divided $100,000, or 5 per cent. on two millions, and credited excess of earnings to surplus account, which was thus increased to $200,657 05, and this surplus we estimated to more than cover any and all loss in any business department of the company.

We were not informed, nor had we any reason to suspect any loss in New York, and the only difference in the board was, whether a dividend of 4½ or of 5 per cent. should be declared.

It was not until the receipt of three telegraphs from New York on the 21st of August, two being received by me and one by Mr. Bishop, calling me to New York for consultation, that I had any intimation of there being any trouble in the New York office. I left for New York on Saturday morning, August 22, by early train, and before leaving had no doubt but what it was a mere temporary difficulty, and such were the views of all of us. My greatest fears were that Ludlow had been prostrated by some severe illness, and such were my fears up to reaching New York. Up to my arrival in New York I continued in the same belief. Immediately on my arrival I met Ludlow, who was waiting for me at the Astor House; a consultation was immediately had with Mr. Coe, and then for the first time I learned that there was any serious difficulty, but did not then receive a full explanation.

Early on Monday, Mr. Coe and myself, being informed by Ludlow that from $300,000 to $500,000 would carry him through, we concluded to make the effort to obtain the money. We failed in this, and in our interview with some bankers that day the fact forced itself upon us gradually, that the matters were much worse than we had any idea. At about one o'clock, Coe and myself saw no other recourse than to suspend, and so telegraphed to the home board.

But even then, I had received no intimation from Ludlow, or any other source, of the desperate condition of the company's concerns. Ludlow left the office about noon on the day of suspension. I remained at the office from one o'clock on the day of suspension till five P. M., and for ninety days afterwards, up to the 20th of November, I was every day at the office, and labored diligently to bring order out of chaos. Ludlow at first would not communicate freely, and it was with great difficulty that we ascertained any facts, so as to form even an approximate opinion.

The entries in the books were many of them erroneous, others again were false and purposely so entered. Amounts right in themselves were charged to the wrong parties. Interest and other expenses that had been paid, were charged to parties, when they had nothing to do with it, and many items were kept in scraps, memorandums, small books, and papers of all kinds; and the general aggregate was swelled a million

even between the 1st of August and 24th, and still higher as the account began to assume a more definite shape. Our bills maturing had been pledged for loans, many of them having been re-discounted; so were bills sent by correspondents for collection,—many of the securities which had been pledged to our own office for call loans were also found to have been abstracted, and so had the paper evidence of the loans themselves, and frequently collaterals were separated from the notes. Accounts with correspondents were found to be entirely unavailable, and especially one with a London house, Bell, Grant & Co., that house appearing a debtor on our books on the day of suspension in the sum of $156,540 74; while, when we received the account current from Bell & Grant, we owed them, according to their account, $156,986 18.

This was again swelled by bills which came home protested, and which Ludlow had purchased and sent forward, so that we owed them on the 31st of October, 1857, $254,792 44, and this has now been reduced to $236,800 08, by payments upon the said protested bills, part being paid in London and part in New York. Part of the reduction arises from payments made upon the old Nashville claim.

In the adjustment of the account of this London house, we ascertained that Ludlow had, without instructions, purchased ten thousand barrels of flour. The flour went forward in the summer of 1856, and the transaction was closed, as we saw from the account current in November, 1856. On inquiring, we ascertained the house in New York, through which the purchase and shipment was made, and there learned, that Ludlow claimed to be acting in this matter by instructions from the home office—the reverse being true, as no one here had any knowledge of this transaction, until after the suspension. The loss upon this may be estimated at from $8,000 to $10,000.

Bell & Grant is the house in London on which Ludlow drew in pursuance of a negotiation, first opened through Messrs. E. J. Mann & Co., in New York, the agents of Bell & Grant. You have seen, in the letters from Ludlow to me, and from me to him, allusions to opening a "London credit." Our home board felt averse to the proposition, in consequence of the Nashville loss. They, however, reluctantly gave their assent, subject to the approval of the New York trustees. Ludlow had opened a negotiation as stated, and finally addressed the London house with a proposition for a credit of £50,000—$250,000—on the 23d of May, 1856.

In a letter of Bell & Grant, dated June 6, 1856, they accept Ludlow's proposition for such a credit to £30,000, upon conditions named in the letter, a copy of which is hereby furnished, upon the receipt of the letter from Bell & Grant, which was never communicated to the home board. Ludlow went to E. J. Mann & Co., and represented that the credit should be extended to £50,000, and that he had written to the home board, which coincided with him—which he, however, never had done.

Bell & Grant, in a letter dated June 10, had anticipated this by agreeing to let the credit be extended as wished by Ludlow. This letter is also furnished to you. We at home had no idea of the extent of the credit, nor were we informed of the steps taken in reference to it.

We did not know that Ludlow had closed any arrangement, and whenever we would request him to furnish sterling bills for our correspondents, he would buy bills of other houses in New York, mostly Prime & Co. and Brown & Brother, and thus we were completely put off our guard about the "London credit." We saw the names of Bell & Grant in the semi-monthly statements generally as creditors; but not having been informed by any letter that a London credit had been opened with this house, we supposed it to be an account arising from transactions with E. J. Mann & Co., and the fact, that the account charged from credit to debit, and debit to credit, confirmed this view of ours; and not until some time after the suspension did we learn its true character.

The letters from Bell & Grant were not among the regular letters. Ludlow purchased sterling bills for remittance to this house, and some of them were returned protested. The loss from this is about $115,000; about $15,000 have since been recovered, and the loss may be reduced by further dividends—how much we cannot tell.

I was aware of the account "Lee & Co.;" it was generally in the individual accounts. I believe it to be a deposit account, and the amount was not of such a character as to call forth any special attention. On the first of August we owed them $69,543 18; on the 21th it was according $38,063 30; whereas, on the presentation of the account, debit rises to $289,306 73, a difference of about $250,000. The junior member of the firm, while on a visit to Cincinnati, in December, 1856, expressed some doubts his father had, in case of the sudden illness of Ludlow, or other like eventualities.

The letter of December 19, 1856, was then written to quiet these

fears, the scope of which is a full recognition of Ludlow's acts as cashier of this company; but Mr. Lee had never spoken to us, nor did we mean to recognize acts such as the account subsequently shows to have taken place between Ludlow and the house in question. We meant to recognize Ludlow's official acts, the scope of which we presumed to be well known. We had not the remotest hint, either from the Lee's or Ludlow's, that the latter was borrowing heavily from them, and frequently at usurious interest; and young Lee's conversation to us confirmed our opinion, that Lee & Co. were simply depositors at the New York office.

The account with R. Shell was also one which we found in much confusion The aggregate of the account as furnished by Shell, between July 16th, 1856, and August 17th, 1857, is $20,890,036 32, which on our books, from July 25th to August 15th, is $11,896 21. We claim a balance of $39,103 12, as due us, while the account rendered by Shell is balanced.

Attachments were sued out by creditors on the day of suspension, as well as since.

No preference was given to any creditors, nor were any of them informed in advance of our purposes. Mr. Coe was with me in endeavoring to secure means for relief; among others, we were at Brown & Brothers; but no additional securities nor funds were given, so far as I know, to him, or his bank, after my arrival at New York, to protect it or him against loss. I have heard that such was done, but I do not know against whom this is charged; and I say most particularly, that nothing of the kind was done by my authority or consent or knowledge. So far as I am cognizant of the transactions between the American Exchange Bank, Mr. Coe and Ludlow, the securities in the possession of that bank after suspension, were given to it previous to my arrival in New York. I know nothing about the matter; the bank and Mr. Coe being treated by me like all other creditors.

The general bookkeeper, Mr. Ackerman, of the New York office, was retained until the 26th of July ult, and also one or two other clerks as long as we needed them.

With their help I at once proceeded to learn the true condition of accounts. A circular was issued on the 2d of September, calling upon all correspondents to render their accounts, for the purpose of reconciliation and adjustment.

Very few responded, giving as a reason, that they had always been furnished from us with accounts current, and declining to make up and remit their own. We also sought explanations from Ludlow, and otherwise made corrections. We would make out and send accounts to correspondents, and from their replies again would correct them, and so we would proceed to ascertain fact after fact, item after item, and adjust accounts.

I employed counsel at once to assist me with legal advice. Mr. F. F. Marbury was the person. Stanley Matthews, one of our solicitors at Cincinnati, happened to be in New York at the time and was also consulted. Intricate legal questions were constantly arising, and every step had to be taken with extreme caution.

I felt it my duty to restore to the original owners the collection paper which had been wrongfully hypothecated by Ludlow for loans to banks and brokers.

Therefore I gave written orders to the holders of them, to restore them to the respective owners. This I commenced and diligently followed up, from the very day following the suspension. This was resisted by the parties holding them. Suits were commenced in many cases, and the point at issue in many suits pending arises from these wrongful hypothecations.

No one case has yet been decided to my knowledge. In our settlement with western banks we settled only for cash balances as claimed by them. The question, whether the home office was liable for all the indebtedness of the New York office, was not considered. We took it for granted, that for every ligitimate claim, all our assets, wherever situated, were bound. Nor did we consult together, as to how far we were bound to recognize and assume the acts of Ludlow.

I am not familiar with the pleadings of cases pending in New York, and cannot state whether any of our debtors are attempting to escape the payment of our claim against them, by pleading the want of power on our part to enter into such transactions. I have heard that some who are suing for their wrongfully hypothecated collection paper, are setting up usury and a want of authority in us and our agents so to hypothecate them.

I remained in New York until the 20th of November, when Mr. Bishop

relieved me. The statement recently published by the assignees, I assisted in making up, and the assets and liabilities therein stated, are to the best of my knowledge correct.

I do not now remember when we first paid interest on deposits in New York; it must be at least ten years. We paid interest in the Ohio Banking Department as stated by Mr. Bishop. In the Trust Department we always paid interest.

I do not know what the item, "State Stocks in Trust for Seneca County Bank" means as reported in the semi-monthly statement in December, 1857.

You will be furnished with a copy of Chancellor Kent's opinion upon the powers of the New York agency, and it will explain more fully than I could the several points of your inquiries, as to discounting deposits, etc.

I do not know what the items in New York statements, "Interest on bonds," and "Interest on stocks" mean.

There was no understanding, to my knowledge, with any New York broker issuing a financial circular or any New York paper, to furnish favorable notions of the Trust Company—on the contrary, as you must have seen from my correspondence, I disapproved of all such practices. The puff in the Times about our Tennessee judgment, was not approved by us at home, and we regretted, as soon as we learned it, that it had been used to induce persons to buy our stock.

Ludlow's pecuniary situation I was not acquainted with. I had no idea about his means and knew nothing of his speculations. He wrote to me about the price of Hamilton & Dayton Railroad stock, which he informed me he held. It was not for so large an amount as would make me think he was not able to hold it. In fact, I did not know whether it was his or not.

I did not know that he was an owner of our stock, except as he was returned in the semi-annual stock list, and that was not a very large amount. The last statement in July 1857, represents him as owning 382 shares, and in the one of 1855, at 103; in January 1857, he had 41 shares for himself and 30 as cashier, but so far as we knew at home, he held this stock as cashier for other parties, and perhaps as collateral to "loans."

In January 1857, some of his cronies appear as stockholders to rather

large amounts, but we had no evidence that they were not legitimately held.

I never knew, until after suspension, of his purchases of our stock during the spring of 1857, nor did I know that he was using the bank's money for this or any other purpose.

The amount of stock he now claims to have purchased is 5,300 shares; but we have no evidence of that fact in our books. The stock does not show in his name. These stock purchases were on the books concealed under the names of Monroe, McLean, Stebbins & Bloodgood, R. Shell, Prime & Co., and occasionally he would enter them in his own name.

I never saw Ludlow's name in the loan account as borrowing money on Trust Company or any other public security, and as stated, did not know him, nor suspect him as being engaged in any stock purchases. I never knew of the $5,000 you have pointed out to me as having been paid to Marie & Kantz, towards sustaining our stock in the stock board.

Ludlow's dealings with the Cleveland and Pittsburgh Railroad Company, especially his being their stock agent, was totally unknown to me. I had no idea that Ludlow held one dollar of the stock and securities of that Railroad Company; of Ludlow's connection with the Ohio and Mississippi contract, I was in no wise informed, and I knew nothing of it until after the suspension. He had assigned his share to the American Exchange Bank, charging that bank with it, and crediting himself with $25,000. The amount he had paid was $31,250. I cannot say where he obtained the money for the original $25,000. The $6,250 he charged to C. Gould, Treasurer of the Association, but it turned out to be his own—being the 25 per cent. called for to carry out the said contract.

The books of the New York office I did not see for ten months previous to the suspension, and I therefore did not see the entries of heavy daily loans in April, May nor August, nor the entries to Ludlow for stock purchases, and I was not aware of the interest entries showing that 7 per cent. was paid for these loans day after day.

After suspension I saw these entries, and found also from memorandums, that usurious interest had been paid. In one reckoning that of Hoge & Co. I saw that 14 per cent. interest had been paid. We have not repudiated any debt against us on the plea of usury, being advised, that under a law of New York this corporation could not do so in any

way. The entry to the credit of Ludlow of $13,777 58, I never had satisfactorily explained to me.

I did not commence proceedings against Ludlow, because on a review of all the attending circumstances it was thought best to treat Ludlow with leniency, so as to obtain from him all possible explanations of the extremely numerous conflicting accounts, as the knowledge of them was confined in great part to him. We should never have been able to have learned half of the facts we now have, if we had not called upon Ludlow for explanations. It is true some of them were unsatisfactory, and yet they assisted us by re-inquiry, in ascertaining gradually the truth, and I feel safe, on looking back over the past year, in saying that our course was the best possible that could have been pursued, and that we have thereby promoted the interest of all concerned in the Trust Company.

As to $4,000—note of F. M. Wright—I know only this: I found charged in the books $4,000 to J. Wright, and $1,100 to Baker. I asked Ludlow what Wright it was, and he said it was the Auditor of the State of Ohio. I told him the Auditor's name was not J. Wright, and wanted to see the note or other evidence of indebtedness. Ludlow denied having any.

He hunted the check upon which it was paid, and a check was found for the Baker claim, but not that of Wright. I asked Ludlow what security he had for these loans, and found he had none; afterwards the $4,000 note of Wright was found, a copy of which is now furnished you.

Of the $1,100 to Baker, no evidence is found. I spoke to Mr. Wright once at Columbus about the note; he admitted owing it, but claimed that he had sent to Ludlow a note on another party for $3,100 or $3,300, which he had remitted for the payment in part of this note, and never having heard of the note again, he presumed it was paid.

Wright promised to make inquiry and he would then write to me, which he has not done. This was nine months ago.

Baker was also written to, but he made no reply. The letter was inclosed to Mr. F. M. Wright, and he said it had been forwarded.

We had a claim for land taken by the State for the Lewistown Reservoir, which was denied us, as we had not filed our claim in time. Mr. Hamilton afterward volunteered his services, and promised to get our

claim allowed, if we would give him half the proceeds. He represented that he could obtain this money for us on the terms stated, and he did so.

The amount of the claim was $1,280, and Hamilton's share was $640.

Our connection with the Kanawha bank arose as follows: An application was made to our board by Wash. Cones, cashier of the bank, to assist in making its notes bankable in Cincinnati. Mr. Cones' letter is hereby furnished to you. It is dated March 17, 1856.

An agreement was also made by the bank with the Marietta railroad, by which the latter borrowed $50,000 of its circulation. We also furnish a copy of the agreement. As a result of the latter agreement, we having received the circulation in bank in good faith, we found ourselves in the fall with some $50,000 of its circulation, which we had taken at the bank, and some $100,000 of the Wilson issue besides.

A committee was appointed to visit the institution, consisting of S. B. Keys and S. C. Parkhurst. Their report is hereby submitted to you. We were only secured in part for the Wilson issue, having $100,000 of Hillsborough bonds. For the second $50,000 of Wilson circulation, we had no collateral security, as he failed to furnish the bonds, although frequently pressed to do so, verbally and by letter.

For what notes we had taken at our counter we had no security. The committee visited the bank and reported as stated. It was thought best to secure the services of Mr. A. S. Nye, formerly a cashier of the branch of Chillicothe, and he also examined the bank, reported favorably for its continuance, and he then assumed the control of it. Out of this arrangement grew a portion of the Hillsborough bonds in our possession; also, a few other assets, and I estimate our loss through the entire operation at from $100,000 to $120,000, depending, in a great measure, upon the price we shall obtain for the Hillsborough bonds.

The object of my visit to England in the summer of 1855, was to effect a loan of one million of dollars upon an issue of bonds, to be used as a permanent capital for our banking department. The bonds issued at the organization of the company had all been paid off, and the banking department had thus been deprived of its permanent capital, and it was to reinstate the original policy, as recognized in the charter, which took me to Europe. All this is set forth in the resolution of the board, directing me to go to Europe. I failed, because I would not agree to pay over 5 per cent. interest for the loan.

I can give no explanation why, if such is the fact, our call loans in the Trust Department increased, while our deposits decreased, or why, as you claim, we loaned money in the Trust Department, when we owed the Banking Department In our loans at the Trust Department, we were not strictly guided by the balances and cash means in it, nor were we very particular as to the actual state of the means in the Trust Department. It had frequently happened, that paper would be suspended and rendered inactive in the Banking Department, and we would then transfer it to the Trust Department, which is the place in our institution for paper extended on collateral security; our object being to keep in our Banking Department only active means. I remember three such instances, the three amounting to some $140,000, in the case March 1, 1856, that you refer to. Such was the case with the Marietta and also some Chicago railroad paper.

I do not know what influences brought Mr. S. B. Keys into our board as trustee. I believe his name was first presented to me through Mr. Samuel Fosdick, as having been suggested to him by V. Worthington, solicitor of the company. I know of no political influences that brought him into our board, nor did I ever hear, that it was done through Wash. McLean's influence.

We never paid any interest to any public State officer for public deposits. We never paid any to Breslin or Gibson.

We paid interest to the county treasurers that had deposited with us. This was by agreement with these officers. Mr. Bishop can inform you as to the amount, there was never anything like that concealed with us from the books.

We had complaints about errors in the accounts at the New York Agency, after Mr. Ludlow became cashier—seldom, if ever, before.

These complaints were very annoying to us, and I was very particular to not let a day pass without at once calling upon Mr. Ludlow for explanations. We instructed him to employ all the business force necessary to keep the office always in prime order. Mr. Lyle, a very competent accountant, was sent to New York to get up a more simple mode of keeping the accounts between the Home and New York office, so as to relieve the pressure upon other work. We were always informed that the errors had been corrected, and as the complaints gradually lessened, we believed that Ludlow was doing as he represented himself

to us, that is, getting his books in the best order and keeping them so. The investigation since the suspension has, however, demonstrated, that we heard only a tithe of the complaints, and that for months past the books have been in utter confusion.

CHAS. STETSON.

Testimony of S. P. Bishop, taken at Cincinnati, September 24, 1858, before Charles Reemelin.

S. P. Bishop, after being duly sworn, deposeth and says:

I am assistant cashier of the Ohio Life Insurance and Trust Company, and have been for fifteen years. I had charge, during that time, of the banking department of the above institution. I attended the discounting meetings of the board of trustees. I have been and am familiar with the operations of all the several departments of the company, more, however, as they related to and were a part of the banking department, and as transactions arose from it.

Every check on the New York agency was signed by me, unless when I was absent, and then it was signed by the president. All checks on New York were countersigned by a special clerk, who had charge of this special business.

All bills discounted passed through my hands. No bills were discounted except by the approval of the board, or such part of it as were known to have charge of this matter; for instance, the president, and one or two members of the board.

The accounts of the New York agency were reported to the home office semi-monthly, and the book shown to you, called "New York statements," contains a correct copy of these semi-monthly balance sheets. The sheets themselves were always handed to me, and carefully examined.

So far as I know and believed, the column called "loans," were loans subject to call at any time, and I believed every dollar of them secured by unquestionable security. The subject of the safety of these loans was, however, a matter to be judged by the New York trustees, and such of our officers as visited and examined the New York office; I myself having no supervision of the New York agency.

My business was to know the condition of the account between the special department of which I had charge, and the New York office. The president and myself kept a memorandum book exhibiting to us the balance due the New York office, as shown by our account; we charging ourselves for every check drawn, on the day drawn, and charged the New York office each day with the cash and short sight bills forwarded.

Bills having some time to run, were sent forward for collection, and charged every Monday, as they, according to our books, matured the previous week. Any bills not paid on maturity, were, on being reported to us, credited back again.

The New York office credited us only with the bills when they were paid, and charged us with the checks, when they were paid. The accounts of the two offices could not therefore agree upon any given day, though by an adjustment of them, we could and did ascertain their correctness.

Accounts current were exchanged semi-monthly, and critically examined by a special book-keeper (Mr. Lyle). I kept in my own mind an account of the balance between us. I drew upon the New York office, as I knew cash on the way or bills maturing, and according to the probable state of the deposits of western banks with our New York agency. I was also governed by the state of the money market, and sometimes would draw larger in advance than at other times. We at home were governed a good deal by the wants of our community, and may have occasionally borne heavily on the New York office; but the funds invested in bills on New York and the eastern cities, were sent to the New York office daily, and cash and sight checks, with our time bills, as they were forwarded to the New York agency, and by us known to be there, would always very nearly cover and often exceed the balance we owed the agency.

The effect of the matter was only that we borrowed the balance shown due to the New York agency, upon 30, 60 and 90 day paper. For instance: on the 1st February, 1856, the balance due the New York office was $975,602 19, and the bills maturing there were $1,029,220 57. Again, on the 1st August, 1856, the balance was $359,357 41, and our time bills maturing were $623,951 38. Again, 1st January, 1857, the balance due to the agency was $739,717, and the time bills maturing were $791,462 13. The balance on the New York office books was at

that date $878,843 96. The New York agency had the privilege to rediscount the time bills we sent forward, and we relied upon this privilege, to help him in an emergency; in short, we never drew upon the New York agency, unless we knew positively that there was cash and funds from which cash could be raised sufficient to more than cover any draft from us; and the account now shown to you, called "New York agency," shows to you that we remitted daily, so as to produce that result. We never drew much over $100,000 on any one day, and the average of our daily drafts did not exceed $50,000.

Our remittances to him were correspondingly large, though as stated, part of our remittance was in time bills. The heavy loans made by the New York office, of hundreds of thousands daily, were certainly not created nor necessitated by our drafts.

The large loans the New York office had of the Phœnix Bank, Ocean, Metropolitan, Manhattan, and American Exchange Bank, as shown in the semi-monthly New York statements, were known to us, but represented to us as depositors by these banks with our agency, at a low rate of interest. I never saw the New York books before the suspension, and know nothing of the daily or other interest paid upon these loans, nor did I know anything of the loans made of street brokers.

The running up of the interest account on the debit side ever since 1856, attracted my attention, and explanations were sought and given, and were apparently satisfactory.

I had no idea, nor even suspicion, that the item called "deposits by individuals," really concealed loans from banks, bankers and brokers.

The board of trustees were daily informed of the balance between our office and that in New York, and their advice was regularly solicited, and I ever acted according to it.

The letters passing between the two offices, or any of its officers, were open to us and the trustees, and the representations of Mr. Ludlow as to the condition of the New York office and the money market, always received consideration.

I knew nothing of the loans made to the Cleveland and Pittsburgh Railroad Company, except as they were shown in the New York statements, and in them the accounts either balanced each other, or were very small on either side. I saw that the debit and credit accounts of this railroad about squared each other, and I did not know, nor inquire, what the

account "Cleveland and Pittsburgh Railroad stock account" meant. I supposed it to be a deposit account as with other roads. I never knew that Ludlow was the agent for the sale of the stock of that railroad company, nor that he was in any way officially connected with that company. I did not know of any loan made to Mr. Gilbert to aid him in his contract for iron for that railroad. I knew of the old indebtedness of Gilbert, Johnson & Coe, amounting to some $45,000, and also, that there was some agreement by which that indebtedness was to be wiped out by some aid our institution was to extend to Mr. Gilbert, but did not know the particulars. I have since the suspension become in part acquainted with them.

My attention was never called to the account with Bell, Grant & Co., until after the suspension.

I never noticed, that some times when Mr. Ludlow was urging us to draw less heavy upon him, and at other periods when he would speak of a tight money market, and whenever he represented himself as short of money, that he would not reduce his "loans" correspondingly; nor did the fact attract my attention, so as to make me suspect that these loans were not strictly reliable so that they could be recalled at any time. As far as I know and believed, the money invested in these loans was perfectly reliable at all times on call, except one or two hundred thousand dollars of them, and these I believed safe, though not reliable as immediate cash means. We looked upon these loans as a reserve fund, which in justice to our correspondents should be as large as possible. We were told that these loans were bearing 7 per cent. interest, and as we were paying but 4 or five per cent. for the deposits from western banks, and as Mr. Ludlow had told us, that the deposits from New York city banks were also at even a low rate of interest, we looked to the interest realized from these loans as sufficient to about cover the expenses of the New York office.

We allowed the New York office 7 per cent. interest for over balances, and in 1856 we allowed to it $45,771 06, and as the New York statements show, our allowance and the interest accrued at the New York agency about cover the interest paid by the New York agency, and interest account is thus generally wiped out semi-annually.

I noticed that Mr. Ludlow had occasionally overdrawn his cash account with those banks with whom he kept his current account; but it

did not make me think that there was anything improper in the agency, as I believed it to be done with the consent of these banks, and as Mr. Ludlow had informed us, that he kept his cash low, with a view to profit.

In our purchase of bills on the East, we endeavored to supply the wants of Cincinnati market with means sufficient to carry on its legitimate business. We would during the heavy demands of the pork season bear rather heavy on the New York office, and also by borrowing circulation from other banks endeavored to raise sufficient means to buy every good bill that would offer itself at our counter. We could not fully supply the market. We were also anxious to supply our city with all the exchange it needed, and a good portion of the exchange needed by the State, was furnished by us. About one third of our discounts were domestic bills, upon which we received only six per cent. Upon our eastern bills we realized the exchange besides. As the rates of exchange varied, I could not tell how much profit in per centage we made on our bill discounting.

We never aided any efforts to raise exchange on the community, or to keep it high. It was our special interest to have exchange high; but a high rate of exchange operated against our accounts with western banks in New York, and hence it was after all our real interest to co-operate with the other banks in keeping exchange low. High exchange encourages brokers to run circulation home, and this would again make the banks draw on our office east, so that we had as much an interest in giving Ohio currency a good circulation as the banks had themselves.

We never assorted circulation since our own power to circulate ceased, so as to run any Ohio banks. Kentucky currency we would assert, as it furnished us exchange at low rates.

We estimate our loss on our bills receivable, which are now held in Cincinnati, at $17,500. This loss is not from any trustee of the company, nor any of its officers. A part is a substitute for a former doubtful debt, and about two-thirds is from a firm outside of Cincinnati.

A part of our "bills receivable" were at Philadelphia at the time of the suspension, and attached, and for that reason not paid out with our other bills receivable.

They are now here, as the attachment at Philadelphia has been raised. The bulk of it, $150,000, consists of a claim against the State, and there is an offset from the State for about $135,000, being a balance due to it

from the New York office. Our estimate of the paper will, in my opinion, fully cover the loss.

The item "Suspended Debt" is composed in part of the same items as were in the suspended debt account for several months previous to the suspension. About $250,000 were added since the suspension. The entire loss upon this account will, according to our estimate, be about $15,000.

The amount due to our company from banks and bankers, amounting to $100,993 63, are good assets. They are attached by various creditors in this city and New York, and unless losses occur by failures not now known or expected, the whole amount will be realized. The bonds we hold at the Banking Department are as follows: 160,000 Hillsborough 1st mortgage, estimated at 10 per cent., $16,000. Three bonds of the city of Cincinnati, at 90 cents on the dollar, $2,700. $60,000 of the Hillsborough Railroad we got of the Marietta Railroad for a bill we had discounted, in addition to the former $100,000 loan. The bonds cost us about 40 cents on the dollar. They were placed with us as collateral, and we had to take it in the extinguishment of the debt. The remaining bonds, $100,000, came in as part payment of the balance due on the above named loan, and were taken without special valuation, with other bonds. I suppose they cost us about 50 cents on the dollar. We have of the Henderson and Nashville Railroad..... $20,000
Of Cincinnati and Cleves Plank Road Stock..... 10,000
" Mad River and Lake Erie Railroad Stock..... 28,550
" Coupons of Hamilton and Eaton Railroad Bonds..... 4,900

Total upon which we put no value..... $83,450

We got all of these, except the coupons, from Gregory & Burnett in part settlement of a claim we had against them. The Eaton Railroad coupons we got of D. Beckel. The Gregory claim was about $17,000. For the coupons we paid cash. The loss on these several bonds and stocks to the company is about $70,000.

The $130,000 of bonds of the Dayton and Hamilton Railroad Company were pledged for a loan of $50,000 to Irving & Co. by E. Ludlow. These bonds were subsequently attached by Lord, and also Danlevy, Drake & Co. The assignees preferred to buy the bonds, rather than to have them sacrificed. They cost us $63,022 50, which is less than their

value. We had taken these bonds originally from the Dayton and Hamilton Railroad at 90 cents, and by subsequent arrangement we got them, so that they cost us only 82, so that according to the price we got them, the loss is about $20,000. The assignees may realize more than the above price; if so, it is a gain to the assets in the assignees' hands.

The books and papers in the Trust Department were and are now in the keeping of Mr. Rice. I have assisted in making up the accounts for the approximate statement of the assignees for our stockholders and creditors, but Mr. Rice is the best person to get full information.

After the suspension of the Company I went to New York by the direction of the assignees. This was some time in November, last year. The object of my visit was to aid Mr. S. J. Broadwell in the adjustment of the books of the New York office.

We found the books in the former office of the Company, No. 25 Williams street, in charge of F. A. Lane, who had been made Special Deputy.

By his consent we had access to the books and papers, and from them proceeded to adjust all such accounts as had not been previously adjusted by the President of the Company. Messrs. Wright and Broadwell were permitted to take them to Cincinnati upon their individual receipt, the object being to save expenses, and to enable us by comparing them with our books here, to better and quicker adjust the accounts.

The New York books have just been again returned to New York on the requisition of Mr. Lane. It was necessary also for myself to be at the office in Cincinnati to answer inquiries, and to attend to business generally. We found the books in a very unsatisfactory and confused state, and whenever we tested an account, we had to rely upon the books and papers of the other parts, rather than our own books. Much of the correction of errors had to be done through correspondence, causing delay and expense. We found many things omitted, and many entries made to accounts which were ascertained afterwards not to belong to them, but to others, who would again be disputed, and so we had to change from account to account.

Many of these entries could only be corrected by placing them in an account called suspense account, subsequent examination of which proved many of them to be entirely worthless, some chargeable really to interest allowed and paid, which was their correct source. This in-

terest would be credited to its proper bank and charged to another bank in error.

Thus we proceeded to adjust the accounts. Mr. Ludlow seemed willing to aid us in this, but could not render us much service, as the multifarious items had got confused in his own mind, and as he was much perplexed by his troubles.

From these sources we collected, after making up a set of books, the assignees' statement lately published. The greater part of the accounts are supposed to be correct; some, however, will require re-adjustment, and some can only be accurately made up after litigation.

All the assets which were not attached, are now here. We made up their value and reliability from every source accessible to us, and we believe our estimate approximately correct.

The "*loans*" were those put down in the "Loan Book" shown you, except one $57,000 found by us and since added, and which had been charged to James Lee & Co. One loan for $10,000, dates back to 1848; it was to Mr. Atwood and secured by stock for the same amount on the Chillicothe Branch Bank; another loan for $2,842, was from July 1, 1853. It was to a brother of a clerk in the bank, and was secured by Madison, Indiana Railroad stock, $2,500. Several came during 1853, 1854 and 1855. The great body of the loans dates since 1856—much of the loss from these loans arises from the fact that many of the securities originally pledged for their security have disappeared, and we do not know who abstracted them. Some of the parties have also failed. I do not know whether the consent of the Trustees was obtained to all or any of these loans. The loss of $302,245 92 may be divided as follows:

Miscellaneously	$282 60
By loan on Trust Company Stock	11,584 37
" " Cleveland & Pittsburgh Railroad securities	23,754 67
" by individual failure	23,445 58
" where securities fell in price beyond above	89,214 93
" erroneously entered, and not now fully ascertained to whom they should be charged	69,881 77
" where the securities pledged have been sold or otherwise misappropriated	84,082 00
	$302,245 92

The "bills receivable" upon losses occur and which are reported in the Assignees' statements as in the New York office, were included in other accounts of that office, and we were at the Home office, neither aware of their extent nor of their particular nature. They were principally in the account of E. Ludlow, Cashier.

The total amount of these is $55,548 99. The remainder of these bills receivable was originally discounted at our counter and sent forward for collection to the New York office, and were by Mr. Ludlow pledged for loans to various banks and bankers, by whom they are held. Other creditors have again attached these bills and some are now disputed; and for many offsetts are claimed, as reported in the assignees' statements. There will be very little lost by our bills, a portion were also received from Cleveland, $56,000—and these are generally good.

The $27,310 44 reported as being in the Superior Court of New York City, are bills receivable, partly discounted here and partly in New York office, and partly were received in settlement from the Merchants' Bank of Cleveland. We valued them as all good, and no loss is expected from them.

There are also at the Superior Court aforesaid, in addition to the bills already spoken of, certain bills and notes claimed to be the property of Wm. H. Gibson, a $12,000 note on the Seneca County Bank, and two drafts of $5,000 each—$10,000 on Atwood & Co.

These Gibson Papers do not appear upon our books at all, and so far as we know, our company has no property in them. As we understand the matter, they came from Gibson to Ludlow; but we do not know for what purpose.

The item "Banks and other correspondents," in the Assignees' statement, was in the semi-monthly balance sheets, as rendered to us from New York office returned in the separate bank accounts. The items which make up that matter amounting to $833,348.86 were at the date of the suspension not all upon the books. The balances of all have been changed since by the adjustment of the accounts.

Mr. Stetson arranged them and he will be able to state more definitely about them.

The largest item is a balance obtained from the Cleveland and Pittsburgh Railroad Company amounting to $358,652.67 which is placed by us among the doubtful and disputed debts. This indebtedness arises

from loans made by Ludlow to the company for the payment of the interest due upon the bonds of said company.

The coupons have been delivered to the company since the suspension. I was not aware of this delivery at the time it was made.

The interest aforesaid has been paid upon said bonds in 1856 and 1857, and is the Cleveland and Pittsburgh company account, as reported in the semi-monthly New York balance sheets. I was not aware, that Mr. Ludlow was paying the interest without funds from the railroad company.

The balance sheets did not show the actual state of the payment, as it was afterwards ascertained. On the 1st of August, the account stood as reported to us.

The Cleveland and Pittsburgh Railroad Company owed on gen'l acct $11,943 85
" " coupon account, 11,393 86

On the 24th of August, which is the statement made up, the morning following the suspension and then transmitted to the Cincinnati office.

The general account showed a debt of $201,060 51
On coupon account 117,819 61

On the 10th day of November, another statement was made, no transaction of any nature having taken place between the parties in the meantime, and the account stood as follows:

On general account $811,255 25
On coupon " 117,826 61

The books of the Cleveland and Pittsburgh Railroad Company, in part payment of this claim, 750 of its last mortgage bonds at 60 cents, $450,000—and $84,410—in sundry credit items on various accounts, 200 of these bonds are at the office here, we valued them at twenty cents on the dollar; 350 have been sold by Beebe & Co., so as to net us 50 cents on the dollar—100 are at the Ocean Bank, 50 at the American Exchange Bank, 50 were with Brown & Brothers and sold; but we have not been notified of the price.

The $353,632.67, as believed by us to be due from the Cleveland and Pittsburgh Railroad Company, is still a disputed account. One of the reasons for which they dispute the account, is a sale of 180,000 shares of their stock by Ludlow, of which he has not made full returns. We do not admit any liability for this sale.

The next heavy item is that of V. Worthington, $138,827.47, which is denied by Mr. Worthington.

The books show charges for purchases of stocks for Mr. Worthington and debits for loans. I do not know, whether correctly or not.

The next heaviest is Indianapolis and Cincinnati Railroad Company for $52,266,04, which is disputed by said company.

Mr. Ludlow claims to have paid interest and dividends and other bills payable for the company. The remainder are claims against banks, railroads, and individuals, either doubtful or disputed, so that we could not put them into the statement as of any tangible value. Among these is a claim of $5,000, against F. M. Wright and J. Wright, being, as we suppose, against the present Auditor of State. I do not know why the committee did not put any value upon it. I do not know, nor have I heard, for what purpose or consideration the note was given, no demand has by me been made for the money.

There is also a claim against J. H. Baker, which I suppose refers to the former Secretary of State. I have to say the same of this claim as of that against Mr. Wright, having very little knowledge of its nature.

The items of the suspense account are composed mainly of differences in accounts current, not knowing who to charge them to, or to credit to, they are put into this account, for further consideration. They are believed to have no value. Among them are various differences discovered in the adjustment of accounts and the chief items are sterling bills purchased without our knowledge, and which were returned protested.

This item is, $112,666 66, the rest is composed of some 100 items of so varied a character, that a general explanation is impossible.

The item "Individual accounts" in the assignees' statement arises out of the same account, as that in the semi-monthly New York statements of the same ledger title.

The $87,268.62, denominated "doubtful," comprise three standing special accounts: $48,153 90 against certain parties, purchasers of bonds of the Cincinnati, Hamilton and Dayton Railroad Company; $12,498.18 from Robert Bayard, a former New York trustee; $26,616.54, from E. S. Munroe.

The Cincinnati, Hamilton and Dayton Railroad claim is disputed on the ground that Ludlow has misapplied the securities which parties pur-

chasing bonds of that company had placed with them. That of Bayard arises from a balance of long standing in the loan account, thence transferred before suspension to the account "E. Ludlow, Cashier," where it was at the time of the suspension. Not knowing its correctness, we look upon it as doubtful. Munroe's is a ledger balance claimed of him, and its payment is resisted—Munroe claiming that this company owes him.

The $727,074.54 denominated "bad," consist, chiefly, of $420,226 87, being a balance due to our company from E. Ludlow, after allowing him the value of such property as he delivered to the assignees before the settlement with him. I understood the claims to have purchased a large amount of Trust Company stock; 5,300 shares, or $530,000, which stock we learn is placed with various parties as collateral for loans.

The books show that he loaned to various brokers in the street various sums of money to sustain the price of Trust Company stock, many of which said loans he has individually assumed and charged the amount to his private account, constituting a great part of the above balance.

Ludlow professes to have handed over to us all the property he holds and can control.

We obtained of him—

$61,000 Cleveland & Pittsburgh Railroad bonds, valued at	$30,500 00
16,000 Dayton & Michigan " " "	9,600 00
14,000 Florida Railroad bonds	9,800 00
188,000 Cleveland & Pittsburgh	94,000 00
Various bonds in the hands of Brown & Brother	48,867 50
A class of various bonds valued at	36,750 00

Among the latter are $31,000 of Tiffin & Fort Wayne Railroad bonds; 350 shares of Cleveland & Pittsburgh Railroad stock, and other bonds of a nominal value of $210,000, which we valued as above, $36,750. I do not know what they cost him.

Another heavy item in this matter is a claim against E. Ludlow, Jr., a brother of our cashier. It amounts to $79,259 39, for which the company have no security. E. Ludlow, Jr., was a flour commission merchant, and this balance arises from advances made to him by our cashier. Another heavy item is that against R. Schell, for $90,853 32.

The books show heavy transactions between Schell and Ludlow, both as borrower and lender. About $40,000 we suppose to be interest paid

by Ludlow to Schell, and charged up to Schell's account. R. Schell has rendered to us an account completely balanced, and he claims that he does not owe us anything. Mr. Ludlow says, however, that the account and claim we have against Schell as above is correct. The old claim against Gilbert & Johnson, and W. W. Gilbert, now reduced to $30,392 12, is also included in this.

H. A. Johnson brings claims against this, so as to reduce it to about $28,000, and against this Johnson again claims an offset arising from the contract of Gilbert to furnish iron for the Cleveland and Pittsburgh Railroad.

There are $25,149 05 due of E. S. Munroe, in addition to the account already stated, arising from various loans, the securities for which are valued at only $1,500. A large item, $24,141 74, is due from Fulton Cutting, for which there is no security. Cutting is, I believe, the son-in-law of Mr. Bayard, a former New York trustee. The remainder is made up of small sums from various parties. The statement of "loans," made to us from New York office, showed but few of these items.

I saw the accounts, "E. Ludlow, cashier," and "E. Ludlow, special," in the New York statements, and that they occasionally were of large amounts; but being generally on the credit side, they did not attract my attention, believing that some parties had placed funds on special deposit with him to be used for special purposes. I did not pay much attention to the loan statements, and did not know on what securities they were made. I knew that some of our trustees had loans on Trust Company stock—for instance, Coe and Stedman. These loans were originally made before the instruction was given not to loan on Trust Company stock.

The $214,900 of bonds in the assignees' statement are composed of—

$198,000	Cleveland & Pittsburgh 3d mortgage, cost	$99,000
200,000	4th mortgage, do	120,000
100,000	2d " Cincinnati, Hamilton & Dayton Railroad	82,000
1,000	city of Cincinnati	900
1,000	Green Bay & Milwaukie	
$500,000	costing	$301,900

all of which we value as above; and, unless they rise in value, we shall sustain a loss of about $85,000.

I wish to repeat, that I knew nothing of the New York office, before the suspension, except as it exhibited itself to me in the semi-monthly balance sheets, and the loan reports and letters from that office to us, and I never regarded it as my duty to examine critically into its condition; neither did I examine its affairs with such a purpose.

The $4,000 circulation, as put down in the assignees' statement, consists of $3,290 regular circulation, and $710 of time currency circulation, issued some twenty years ago. Of the regular circulation, some $300 have been presented and redeemed during the last three years. I should judge that $3,000 of this will never be presented, being lost by fire and other casualties. The $710 has, with the exception of a ten dollar bill, which was presented last fall and first charged in error to regular circulation, creating the discrepancy of our regular circulation, again increasing $10 in September last, remained the same for several years. The entire circulation issued by the Trust Company has been—

Regular circulation	$1,000,000
Currency do	114,000
Time circulation, 12 months, payable in New York	96,000
do 12 do do Lawrenceburgh	360,000

so that, if my judgment shall prove correct, that $3,000 will never be presented, the company will make a little less than one-third of one per cent. by this destruction of its regular circulation, which will not cover the expenses of plates and paper.

On the irregular circulation, the gain is still less, being a little less than one-eighth per cent. We issued nothing less than $5 bills, and our gain as above is no criterion for a small note circulation. I have no idea what that proportion would be.

The "unpaid dividends," $6,863, are chiefly due to New York stockholders. We consider this as valid a debt as any other; no demand has been made, to my knowledge, for the balance due.

The "assignees' certificates," $128,175 77, have been issued in full adjustment of claims, and either by such certificates, or judgments of courts, will a final adjustment of all accounts have to be made. In these adjustments we have recognized *all* obligations of the company, whether arising from the Cincinnati banking department, or the trust department, or the New York office, as of equal validity, and such has been the case from the first; and the assignees' certificates do not bear

upon their face any distinction, nor do they enjoy any priority, nor are they subject to any delay in consequence of their origin. We have treated and do treat the indebtedness of the company, no matter whence arising, as a whole. These certificates do not bear interest on their face.

The "*office checks*" outstanding, $38,698 30, are sight checks drawn by the office at Cincinnati on the New York office, which had not been presented at the time the New York office suspended.

The "*certificates of deposit*," $22,164 44, are certificates issued by the banking department, payable on demand. They do not bear interest. They are held in the West.

The item "individual depositors," $26,253 97, are balances of running accounts due to former depositors in the banking department. Their entire number is about six hundred (seventeen females). About one hundred of them hold a little over two-thirds of these claims. A few of these parties are secured by attachments, and have now commenced suit. A portion of them have been parted with by the original holders, and purchased at various prices.

The $35,519 16 "*due to bankers and other correspondents*," are due to Western parties. The largest amount due to any one party is $4,932 50. This class of our creditors are banks, bankers, brokers, railroad companies, and city, county and township funds. None of these are secured by any special security, except the Frankfort Branch of the Bank of Kentucky, who secured her claim by an attachment on the Bank of Kentucky at Louisville.

As to the trust department, I have again to refer you to Mr. Rice.

The $1,768,759 59 of liabilities of the New York office, under the head "*bankers and others*," embraces all the liabilities proper of that office, so far as they now remain unadjusted and unpaid, and are known to us. They are due to parties, both in this country and Europe. The largest amount claimed is that by James Lee & Co., of New York city, being $289,306 73. They are bill brokers, and were the agents of the Western Bank of Scotland. Their claim arises from money borrowed from Ludlow on pledge of our collection paper and collaterals taken from the loan account; also, purchases of sterling bills of them. Of these transactions I knew nothing before the suspension. I saw Lee & Co.'s name on the credit side of his statement for large amounts; believed them, however, to be on deposit at low rates of interest. The entire sum now claimed

by Lee & Co. was not on the books previous to the suspension, nor reported to us in the semi-monthly balance sheets. Their names appeared in the list of "individual depositors" which we should have received semi-monthly, but which I only saw occasionally, and the amounts there to their credit did not in their paper show as large as is now claimed. The amount appearing to their credit on the 24th of August, 1857, was $38,063 30, being about $250,000 less than the amount claimed. Lee & Co. was one of the "hiding" accounts for Mr. Ludlow. In the adjustment of their account, we had to credit to them over $70,000 of interest, which had been charged to their account in the years 1855, 1856, and 1857, and which at those dates should have been charged to interest, exchange and commissions; as they in fact did not relate to their account at all, being really payments of interest, etc., for other parties, of which the Cleveland and Pittsburgh Railroad Company was one.

Lee & Co. are secured by collaterals and collection paper. They hold of this $259,139 41, which had been sent to the New York office by various correspondents. They held besides $110,000 of Florida bonds obtained from our loan account, and $18,125 of our own bills discounted. These have been reattached, and various legal questions are pending as to the parties really entitled to them.

We suppose, that the differences in amounts with other parties, such as *Schell*, for instance, have a similar origin.

The next heaviest creditors are Bell & Grant, of London, for $236,800 08. This account is adjusted. They are not specially secured, except by an attachment, the precise nature of which I have not learned.

This claim is the result of bills drawn by Ludlow on them, and also by return of bills protested, and which had been remitted by Ludlow to them. I was not aware of this London account, as it has now turned out, and did not know that Ludlow had power to draw on this or any other European house. In all cases where our office directed remittances of sterling bills for third parties, we always received advice, that remittance was made through other correspondents, such as Prime & Co., Brown & Brothers, and others like them. I saw the name of Bell, Grant & Co. in their semi-monthly statements—sometimes on one and sometimes on the other side of the balance sheet. In December 16, 1856, there appeared to their credit $130,561 77, and on the 24th of

August, 1857, there appeared to their debit $156,540 74; on the first of August, 1857, they were also reported as debtors, $59,412 03.

We owed them when the account was adjusted, $454,792 44, being a difference of $411,333 18 between the Ludlow account of the 24th of August and that now adjusted. We found in the investigation of the account, that sales of flour had been made to a large amount—10,000 barrels—a transaction of which we had not even the remotest knowledge, or even surmise. On this flour, bought and shipped without authority, a severe loss had occurred—about $7.000 or $8,000.

The next heaviest claimant under the above head is the American Exchange Bank, of which G. S. Coe, our trustee, is vice-president. The amount claimed is $167,0 9 05. On the day of suspension they appeared on our books as creditors for $724,439 27. On the 1st of August they were creditors $151,144 86; of this amount, $96,001 52 appears in account by itself, as if it was a special loan. They held, at the time of the suspension, of our office paper, $90,500 98, and of collection paper, sent by other parties, $129,837 78, and of bonds of Dayton and Hamilton Railroad, $50,000, being a part of the $200,000 belonging to us. They also held $460,969 14 of notes secured by collaterals originally taken for our call loans, as made at the New York office, being a total of $631,307 90. The adjustment of the account brought the balance down to $453,956 07, which was again reduced to the amount now claimed, by realizing from securities and a charge made against them by E. Ludlow of $25.000, as his interest in the Ohio and Mississippi Railroad contract, which claim the bank disputes.

Dennistown, Wood & Co., claim $86,938 03. On the 24th of August they appeared in the balance sheet then made, as creditors for $97,-759 88.

On the adjustment of account, they appeared as creditors for $296,-351 39. Their account has been reduced by their realizing from collaterals placed in their hands, which consisted of the following:

Office paper—bills discounted by us	$137,178 08
New York office call loans and other paper	61,199 97
Collection paper sent forward by others	283,118 16
Total	$481,496 21

This party's name does not appear in the general semi-monthly statement.

Beebe & Co. were large creditors at the time of the suspension. Their balance at that date appeared on the books for $142,105 82.

After the account was adjusted, it showed a balance due them of $335,599 19. Their account has been settled without loss to them, by the sale of collaterals and the collection of paper pledged to them.

They had of our office bills	$77,725 38
Collection paper	104,845 14
Cleveland and Pittsburgh Railroad bonds	411,000 00
Dayton and Michigan Railroad bonds	16,000 00
Florida bonds	94,000 00
Mansfield and Sandusky Railroad bonds	30,000 00
Dayton and Hamilton Railroad bonds	20,000 00
Also a note of Seneca County Bank	12,000 00
Two drafts on Atwood, $5,000	10,000 00
Total	$775,570 52

There were other large creditors at the time of the suspension, with whom also large accounts of collaterals, composed of various descriptions, were pledged, which have since been sold or collected, and the amounts have thereby been much reduced, and, as we think, fully paid. For instance, Brown & Brother for $100,000; W. Hoge & Co., $190,000. This latter party, on the 24th of August, appeared as debtor on the balance sheet for $57,539 64. In Brown & Brother's account there was only a difference of $5,000.

The Ocean Bank was in Ludlow's balance sheet down as a creditor for $90 000; and when the account was adjusted, the balance due was $140,000. We owe it now $63,176 47.

James G. King's sons had a claim for $86,080 31 on the balance sheet, and on adjustment of account they were entitled to $97,978 47. We owe them now $40 242 62. The remainder comprised in this item, is due chiefly to western correspondents, composed of banks, bankers, brokers, railroads, city, county and township funds, and in this also is comprised the claim of the State of Ohio.

We dispute about $300,000 of this, for various reasons; of the American Exchange Bank, $37,000, principally on account of the Ohio and

Mississippi contract of Ludlow. $55,000 of Lee & Co., for amounts, for which we claim credit, but are denied by them.

We dispute $105,000 of E. S. Munroe's account, we claiming him to be our debtor, and he holding the reverse. He claims money under various loans he pretends to have made to Ludlow, which Ludlow denies, and asserts that our account is correct. We are now litigating the entire claim of Prime & Co, $90,000. In Ludlow's balance sheet, Prime & Co. appear our debtor, August 24th, 1857, for $81,571 09. The remainder of these disputed items are composed of various claims for expenses and interest.

The $488,240 94 "collection paper" were bills sent for collection to our New York office by our correspondents, principally western banks, and used by Mr. Ludlow as collateral security for loans, and being, as previously stated, in the hands of various brokers. These bills are attached by these and other creditors, and if used for the payment of our debts, it would only change our liability from the New York creditor to the western bank, but it would not vary our total liability. We estimate the loss as high as 25 per cent., because it may be a long time before it will be settled, and mercantile affairs being always subject to great uncertainties.

We have no detailed dates, upon which to form an accurate judgment, and if matters could be arranged soon, the loss might not exceed 10 per cent.

We are liable for all loss that may occur in their collection, because, our cashier having misappropriated these bills, we will be held responsible for all eventualities, such as failure of parties and other contingencies, of this kind of paper about $1,600,000 were in the New York office at the time of the suspension. About $500,000 has been returned to the original parties.

I did not know nor suspect, up to the time of the suspension, that anything was wrong in the New York office, so as to endanger either our own capital, or any money entrusted to our hands.

I was advised by the president that the New York office was pressed for money. I did not know of his making large loans in the street and from banks, nor did I know of anything being improper in his accounts beyond occasional complaints which were soon reported to us corrected, or that a misapplication of the funds of the office. Even after the presi-

dent had gone to New York upon the receipt of the telegraph from Coe, I did not anticipate any serious trouble. On the day of suspension, August 24th, I received a dispatch from Mr. Stetson, announcing to me that "suspension" was unavoidable, in fact, that it had already taken place. This dispatch was received by me about fifteen minutes before three. We continued our business as usual to the close of the day. I cannot tell how many deposits were received after that, nor whether we paid out more than we received. The board of Trustees was called together the same afternoon, and the proceedings are recorded in the minute book. I am not a member of the board of Trustees, and its proceedings can be best ascertained from the Secretary, Mr. Rice, or the Trustees themselves.

In the settlement of accounts and payment of claims, as well as the business course subsequently pursued, I followed the direction of the board and the executive committee appointed by it. I felt sanguine that the company would, in the worst state of things, pay all its liabilities, exclusive of the capital, and it was not until after I returned from New York last winter, and commenced to compute and adjust the accounts, that I had any fears of any serious loss beyond the capital. I participated in compiling and arranging the statement of the Assignees, and especially so, as to the department under my immediate charge, and to a great extent also of the New York office.

We commenced to pay interest on deposits on the 1st December, 1853, in pursuance of the following public notice:

OHIO LIFE INSURANCE & TRUST COMPANY,
Cincinnati, November 22, 1853.

On and after the 1st day of December next, (and until further notice), depositors in the banking department of this Institution, will be allowed interest at the rate of four per centum per annum, on any balance at their credit, amounting to three hundred dollars or more, and provided said account is continued for a term of three months. Interest will be computed daily and credited half yearly.

By order of the Board of Trustees,

S. P. BISHOP, A. Cashier.

And we ceased to do so February 28, 1855.

This policy was forced upon us by the action of private bankers and brokers in this city.

We found the policy a pernicious one, and abandoned it before others did.

The account "office checks," in the semi-monthly statements of the New York office, represent checks drawn on the office in New York, but not paid. It was done that we at home might have a more correct knowledge of the true state of the account between us, so that we might know, not only what had been paid by the New York office, but also the account for which it was liable to be called upon; in other words, to have a more certain guide for our drawing bills upon it.

According to our books, the Home office owed New York office on the 24th of August, $511,764 03, and according to his books, $732,118 42, a part of the difference arises from the "dividends unpaid," which were declared in July previous, and with which we were charged in New York, which amounted to some $94,000.

We had maturing bills receivable in the control of the New York office, to the amount of $644,159 07. The New York office had besides, $200 of Dayton & Hamilton bonds, and besides $300,000 Mansfield & Sandusky bonds. $63,879 80 of our bills drawn upon New York had not been paid, though charged in the above $732,118 42, so that he had at least $150,000 of cash means above the amount drawn by us, leaving him a margin of 20 per cent.

Mr Ludlow was weilding, about the time of the suspension, means amounting to over three millions of dollars, at least two thirds of which we had a right to suppose available as means for immediate use.

Upon the suspension of the Cincinnati office, including the Trust Department, there were frequent (daily) meetings of the board of Trustees—balance sheets were made out of the affairs of the Company, and a general examination was had as to its affairs.

Myself and Mr. Rice, were instructed to receive in settlement of all dues to the company, whether matured or not, any recognized claim against the company, to receive it only however, from the parties indebted or under obligation to protect the claim This we did. I was not consulted as to this policy, but I approved of it believing it both a fair and easy mode of settling up.

We had, on the 25th of August, 1857, the day following the suspension in New York, and on the day we suspended, the following means:

At the Barking Department, bills discounted including the suspended debt	$1,744,459 53	
Less bills sent forward to New York and other places	929,336 60	
Leaving to be applied as above stated		$815,122 93
There was due to us from banks and miscellaneous sources		129,743 26
We had cash, including funds in suspense account, the latter being Kanawha bank notes, and of the Bank of Providence of Rhode Island		229,683 61
		$1,174,549 80
At the Trust Department, there was on the 17th day of August which was very little altered on the 25th of August, debts secured by mortgage	$1,259,266 15	
Debts secured by pledge of stocks and personal security in part mortgaged	1,036,836 32	
Real estate	243,605 20	
City, county, township and railroad bonds and stocks	491,835 00	
Total of means at Cincinnati		$4,206,092 47

The bonds and stocks aforesaid consisted of

Bonds of Clark county, Ohio	$21,250 00
" Knox "	18,150 00
" Decatur county, Indiana	8,000 00
" Dayton township, Ohio	13,125 00
" " city	29,100 00
" City of Cincinnati	900 00
" City of Covington	3,200 00
" Cincinnati, Hamilton & Dayton R. R. bonds	164,000 00
" Junction Railroad bonds	125,000 00
" Mansfield & Sandusky	18,000 00
" Fayette county, Kentucky	4,789 47
" Boyle "	2,421 06
" Dayton & Western Railroad bonds	17,524 47
" Hillsborough & Cincinnati Railroad bonds	23,000 00
" Cincinnati, Hamilton & Dayton R. R. stock	20,475 00
" Madison & Indianapolis R. R. stock	100 00
" Branch Bank of Vincennes, Indiana	20,600 00
" Cincinnati Fuel Company	1,200 00
	$491,835 00

This is what they cost the company, the nominal amount being larger.

The Dayton and Hamilton railroad bonds and the Mansfield and Sandusky, were at New York, so that in round numbers about four millions of means were at Cincinnati.

Our liabilities here were:

Deposits in Banking Department	$1,122,938 92
The Bank Department owed banks and miscellaneous	227,131 71
	$1,350,070 63
The Trust Department owed for temporary deposits	701,479 58
or a total of	$2,051,550 21

I have omitted circulation, Life Insurance liabilities and other smaller items, as not being liabilities likely to be demanded soon.

We have paid in manner aforesaid—

Of deposits in Banking Department	$838,242 51
" in Trust "	428,171 52
Of debt due banks and miscellaneous	191,612 55
Total of Cincinnati liabilities	$1,458,026 58
We paid for the New York office depositors' balances due to Western banks, and chiefly Ohio, being the $1,639,793.21, reported in statement August 24th, and part of the embraced in the item "Deposits by individuals,"	2,621,747 09
Altogether, or a total of payments made from means aforesaid, of	$4,079,773 67

We paid some $14,000 of expenses, but we realized more for some bonds than they were placed at in the above statement.

Our cash was paid as follows:

$35,000—being return of unused circulation we had borrowed of Providence Bank, Rhode Island;

$15,000—return of Kanawha circulation;

$17,500—not placed in the hands of the executive committee to stay proceedings before Justices of the Peace;

$18,000—was placed with one of our trustees to pay the poorer class of our depositors, and females, in sums under $300;

$33,000—was used in the payment of the claim of the county of Hamilton;

$10,000—for sundry expenses for journeys East, salaries and other unavoidable outlays;

In all, $128,500—$20,000 of currency went to the agent of the Kanawha Bank.

As to the general policy in the redemption as explained, the board of trustees determined upon it, and we, as already stated, carried out their instructions, and the trustees can explain the motives from which they acted; I coincided, however, in the policy pursued.

I will furnish you with the indebtedness of trustees, as principal and indorsers, also of the firms they were connected with, on separate paper.

As to the account between this company and the New York agency, we have filed it with the Auditor of State as it appears on our books; I know nothing further in reference to it.

S. P. BISHOP.

The liabilities of the trustees at Cincinnati were:

Jan., 1856—	As principals	$177,500 00	
	as endorsers	17,200 00	$194,700 00
July 1, 1856—	As principals	$195,100 00	
	as endorsers	1,635 00	196,735 00
Jan. 1, 1857—	As principals	$208,700 00	
	as endorsers	5,279 00	213,979 00
Aug. 24, 1857—	As principals	$237,613 54	
	as endorsers	10,327 79	247,941 33

This was all paid at various dates before the assignment, except the amounts due, to-wit: S. Forrer, $10,000; G. Luckey, balance, $2,871.63; S. B. Keys, balance, $1,936.63. Mr. Luckey and Mr. Keys both claim offsets, materially reducing the amount due. The collateral security to the note of S. Forrer, 100 shares of the capital stock of the company, was considered ample at the date of suspension. Mr. F. has been called upon for payment. No loss has been sustained by any loan to the trustees here, so far as is now known.

Testimony of George W. Rice, of Cincinnati, taken at Cincinnati, September 24, 1858.

George W. Rice, after being duly sworn, deposeth and says :

I am now, and have been for ten years, Secretary of the Ohio Life Insurance and Trust Company, and have had special charge of the Trust Department. I have been in the employ of the company since March, 1839. The books of the Trust Department are, and for some time past, have been kept by me. The general monthly and semi-monthly statements in the general statement book have been prepared by me. They contain the condition of the Trust Department, including the general earnings at each of the periods therein named. They are collated from the books of general account, called in other places general ledger, which is again compiled from the Day-book and Journal. We did not, as at the New York department, keep separate credit and debit books, but kept them by double entry. I attended to the books alone, and only occasionally had assistance, since I have also I have been Secretary of the company.

During the severe sifting, which all books and papers got, since the suspension, but few and very immaterial errors were found in my books, and I believe them now to be entirely correct.

The item "loans of capital secured by real estate," called "debts secured by mortgage" in your statement, was money invested in pursuance of the charter, in the different counties of this State, bearing 7 per cent. interest. The value of the property mortgaged was invariably double that of the money loaned. There has not been for many years anything lost by those investments, and in the late transfer of them to our creditors, they were paid over at their par value, including the interest accrued. These loans have all passed out of our hands in liquidation of claims against the company, except only $5,546 89, which you will find included in the "bills receivable" trust department of assignees' statement.

There were of these loans on the 17th August, 1857 (the last statement made before suspension), the sum of $1,259,266 15, and they were principally paid over to western banks and bankers, principally Ohio, without recourse, since the suspension; a part, about $200,000, were paid in cash and checks between the 25th of August and the first week in

September; about one million went to the banks and bankers as aforesaid.

The item "debts secured by stocks and real estate," in our statements, and in our ledger called "bills receivable," were money loaned subject to call, the notes being drawn payable on demand. Into this item were also thrown notes taken for deferred payments where real estate had been sold, and the latter were payable at fixed periods. On the 17th of August, 1857, we had of these $1,036,836 32, and there remains now unpaid the sum of $223,626 97. The loss upon this residue is estimated by us, as put down in the assignees' statement, at $126,226 20, which is the result of a general analysis. The chief loss results from a debt of J. H. James, of Urbana, who owes $75,748 79, which includes interest to the 1st of August, 1858, and the loss is estimated at $55,748 79.

The next heavy debt is that of Henry Shelden, of New York, for $44,000, including interest, upon which the loss is estimated at $24,000; another heavy item in this category is the Cincinnati and Chicago Railroad Company, which owes $18,128 04, including interest, and the loss is estimated at $10,128 04. $16,379 93, due from Johnson & Pence, we estimate as a total loss. The next are made up of smaller amounts, due from sundry individuals. All the paper representing these unpaid loans is now and has been at our office in Cincinnati. These loans, their amount, and the security for the same, were reported in our annual statement to the Supreme Court of Ohio. The names were not given. The last report was made in October, 1856. These loans then amounted to $1,046,099 67. Of these—

$684,535 56	was secured	by	real estate.
31,319 67	"	"	personal security.
64,891 55	"	"	Trust Company stock.
142,000 00	"	"	railroad bonds and stock.
75,000 00	"	"	railroad iron and personal security.
48,352 89	"	"	bank stock and other corporations.
$1,046,099 67			

The loans due at the time of the suspension were similarly secured. I could not now make a correct statement, as the loans have mostly been

paid, and the securities have passed out of our hands. Of those now remaining unpaid—

$22,600	is secured by	our own stock.
170,000	"	real estate.
23,500	"	personal security.
13,000	"	miscellaneous.
$229,100		

The real estate we have got is located in this and other counties in this State. Some is in Indiana, $4,470, and some in Buffalo, New York ($36,200). At the time of the suspension we had $243,605 20; we passed off the banking house at $125,000 which we had valued at $130,000; the Wade property we sold for $35,000; it cost $35,640; the latter two went to the Merchants' Bank of Cleveland. We also disposed of some lands in Peoria, Illinois, at $6,200 65.

We estimate the loss upon the remainder of $21,613 86, which, with amount on hand as valued by us, makes the above sum of $243,605 20.

The $83,600 of "bonds" consist of the following:

	Nominal value.	Estimated value.
Fayette County, Kentucky	$1,000	$700
Boyd do do	5,000	3,500
City of Covington, do	4,000	2,800
Knox County, Ohio	6,700	3,350
Dayton Township, Ohio	4,500	3,150
Clark County, Ohio	2,000	1,500
Hillsborough & Cincinnati R. R. bonds	32,000	3,200
Junction R. R. bonds	51,000	30,600
Decatur County, Indiana	3,000	1,500
Stock of Branch Bank, Vincennes	3,000	2,700
Madison & Indianapolis stock	100	
Marietta & Cin. R. R. bonds, 3 mortgages of $10,200 each		30,600
		$83,600

We lose on these about $40,000.

On the bonds as well as the stocks enumerated in our statement of August 17, 1857, and which are not now on hand, were all passed off at

par, so that, taking the whole together, we have lost very little by our investments in bonds and stocks.

The decree against the Nashville Insurance and Trust Company, is the residue of a former loss made through the New York agency in 1847. We had charged it away in profit and loss, $437,115 20.

Within eighteen months past, a judgment was obtained against the stockholders, who were held individually liable to the amount of the stock. This judgment was for $140,000 or a little over. It is the opinion of our attorney in Nashville that some $80,000 will be realized from this judgment. The assignees, in their statement, have placed it at $60,000, and have deducted $21,000 for expenses and attorneys' fees, part incurred and part to be incurred, at $21,000, leaving the $39,000 as in the statement aforesaid.

The $273,308 66 of deposits outstanding, our department are due to some three hundred depositors, thirty-nine of them females; the highest being $14,000, and the lowest $100. These deposits are bearing interest on the face of the certificates, 4½ to 5 per cent.

In estimating the liability of our company for life policies, we followed the rules laid down in the books upon life insurance.

In the deposits outstanding are embraced the $62,000 of twenty year bonds, yet outstanding, which were originally issued some twenty years ago.

No part of the capital of the company was ever issued in the banking department. There were, at the commencement of the bank, $400,000 of twenty year 5 per cent. bonds issued to the United States Bank at par, $200,000; also, twenty year 4½ per cent. bonds issued to the Phœnix Bank of New York, both of which issues were sold at par.

This $600,000 constituted the permanent capital of the banking department. These bonds have all been paid long ago, the last being paid 30th April, 1856, and hence the banking department has lost this portion of its basis for its business operations.

The sums appearing to the credit of the trust department in the banking department, and subject to be withdrawn at any time.

There was no money handled in the trust department; we received money through the bank department, and paid by checks upon it. The sums appearing to the debit of our department in the bank department, were overdrafts. I was authorized to check as the board of trustees

would authorize loans to be made. At the time of such overdrafts, I did not report to the trustees, nor did they inquire into the matter, whether the trust department had any money to invest. The semi-monthly statement showed the true facts, and they were prepared for and submitted to the board. I did not attend regularly the meetings of the board.

The minutes I kept from the facts either known to myself or furnished me by the president, and are contained in the two minute books shown to you.

There never was any concealment from me, of anything appertaining to my department.

The real estate loans were always passed upon by the board, as well as the call loans. I never made any loan without direct and specific authority from the board. The same is true of the life policies.

G. W. RICE.

Testimony of George S. Coe, of New York city, taken November 23, 1858, in reply to interrogatories.

George S. Coe deposeth and says:

I was one of the trustees of the Ohio Life Insurance and Trust Company, and as such, being a resident of New York, was more directly connected with the New York office of that company, than that at Cincinnati.

The functions of the New York trustees were entirely of an advisory character, and this again only in matters upon which it was impracticable to obtain the wishes and the instructions of the home board, and we were to be called upon whenever such an emergency arose. We did not meet like a board of directors—no reports were made to us, and we did not participate in the active business of the office—the cashier here being understood to be the sole agent, and responsible in all his actions to the home office. There were generally three trustees resident in New York, but they were not expected to meet and act in any organized capacity as a board, or in any similar regular organization, and no specific supervisory authority ever appertained to them singly or collectively. The cashier in New York would occasionally, as he deemed it desirable to assist his own judgment, or as the home board directed him,

call upon one or the other of the New York trustees, and in this way had called upon me.

I had formerly been cashier of the New York office. I resigned some six years ago, and have since been trustee. Regular periodical examinations were no part of our duty as trustees. While I was cashier, no detailed examination took place, except at the beginning and ending of my official terms. I do not remember participating in any examination when Mr. Rockwell went out of office—he was my successor.

When I left the office, I am certain that its affairs were, so far as the New York office was concerned, in a perfectly sound condition, and I think it could have been entirely liquidated within a brief period, without any loss, and all the loans then on the book, with one exception, have been paid, and the exception is a single loan of $10,000. This loan was on the books when I became cashier, and was considered directly or indirectly a condition of the account of the Chillicothe Bank, which was a valuable one. The loan was in the name of J. S Atwood, former cashier of that bank. The last statement of loans which I have seen, shows this loan still standing.

The New York office was not, while I was cashier, and when I left the office, entangled with any railroad or corporation, and it was confined strictly to the legitimate object for which it was instituted, namely, to be an auxiliary to the home office, by becoming a collection agent, and general office for western—principally Ohio—banking business, and by its operations in this connection to accumulate funds in New York to be used within proper limits by the home office in the discount of bills of exchange at home. Interest was always allowed on such funds to all parties to whom they were due, generally at the rate of 4 per cent. The general idea which governed me in conducting the financial policy of the agency, and which I considered as the only safe one, was that of a given sum of accumulated funds, about half might be used by the home office in discounting bills as above, which bills, being of short dates, were to be sent here, to be collected, and in emergencies to be discounted, and the other half of the funds as above, to be loaned in this city on call, against such collateral securities as could be immediately converted into cash in case of default on the part of the borrower. To enable the New York office to support itself it was necessary, as we were paying interest, that all our funds should also produce interest, and the call

loans were an unavoidable result of this policy, both for this object as for the one of having an immediately available moneyed resource. No transaction or loan during my administration has resulted in any loss to the company. The practical difficulties which surrounded the agency's business were these, that the home office would frequently be drawing in excess of the limit above stated, while at the same time, those to whom the funds belonged, would be calling for them too; and out of such a state of things, temporary embarrassments would grow, rendering our movements in New York less regular and smooth than I desired, and which would sometimes reduce the "call loans" to such a point, as to render it necessary to re discount paper belonging to the home office; and this, from the very nature of the case, and the general flow of western trade, would occur at times when money was most valuable in New York. Another embarrassment also arose from the fact, that this paper, so discounted by the home office, was of a mixed character, consisting of local paper of Cincinnati, made payable in New York for purposes of exchange, such as made it unattractive for the above purpose in our city banks. The books were at that time kept in the best possible manner, and statements and balance sheets were regularly exchanged between us and the home office, and all accounts were kept with the strictest regularity. At the time of my taking possession of the office, I made a thorough examination of its assets, and every item which was considered doubtful or bad, was transferred to the home office, the Nashville loss being among them, and constituting the largest item.

I made it a rule, which I lived up to scrupulously, that no officer or employee of the agency, should keep an individual account, or have a loan, or any other personal pecuniary transaction with the agency, beyond his salary and his official duties; nor was the office permitted to be used for fostering or aiding any employee or officer in his private affairs, or in any interest with which he might have been connected.

The New York agency was always in the habit of discounting for western bank paper sent forward by them for collection, when requested so to do, for the accommodation of their customers; and this paper, having thus become the property of the institution, would be used as might be deemed best for its purposes, the same as its own paper. But paper deposited, or otherwise sent, merely for collection, was never, during my administration, used, except for the purposes of its owners; nor

did I ever know that this rule had been changed into a contrary practice, until the difficulties which led to the catastrophe were developed to me, at or about the time of the suspension.

I do not remember to have participated in an examination of the agency during Mr. Rockwell's cashiership. Two examinations were made during Ludlow's term of office—one in May, 1856, and the other in April, 1857—in both of which I took part. I instituted these examinations—more particularly the first one—in consequence of Ludlow's representations that the Cincinnati office was drawing excessively; and our reports thereon were handed to Ludlow for transmission to the home office. They were copied into a book, which I believe to be in existence, and which can doubtless be at your service.

During Mr. Ludlow's administration I was an officer of a New York city bank, which tasked my mental and physical powers to the utmost, and entirely absorbed my time and attention. Mr. Ludlow would occasionally call upon me at my office, and hold short consultations upon some business of his office; and he would sometimes submit memorandums of proposed "call loans," asking my opinion of their safety, which I would give upon the spur of the moment, sometimes verbally, and generally affixing my initials to such as I approved, or dissenting or leaving blank such as I disapproved. I did not regard it as my sphere to pass upon every piece of paper, nor to keep a general run of it, the cashier being looked to as the final arbitor. I did not consider it my own duty, nor that of any eastern trustee, to supervise and control Ludlow in his operations, and we did not do so. In giving my opinions as to loans, when consulted, I was governed by the market value of the collaterals presented, and not by any instructions, either general or special, which the cashier may have received from the home office. I have reason to believe that the other eastern trustees were, like myself, consulted, either at their own offices, or as they visited the agency.

I was not aware of Ludlow's operations in the stock of the Trust Company, nor that he was protecting it in the stock market, either with his own funds or those of the agency. I knew him to be a stockholder to a limited amount, and any stock he ever held, I regarded as a regular investment of his.

The transactions of the agency, and of Ludlow's individually, with the Cleveland & Pittsburgh Railroad Company, were not known to me

in the character as they subsequently developed themselves, nor was I aware that he or the agency were advancing money to this Railroad to any considerable extent, such as would involve a loss; nor had the loss, ultimately suffered by the relations of Ludlow and the agency to this railroad, arisen from the iron contract of Mr. Gillert, or his connections with the road, or the Trust Company.

I never approved any loan to any party which was not covered by collaterals, nor did I know that any such had been made, except in one instance, for a small amount, to which I called Ludlow's attention, and he explained it satisfactorily. I had no idea that the agency was being sustained, as has since been shown by loans or other forced operations at extravagant rates of interest, outside of the regular channels of regular banks or bankers, such as it had been accustomed to in the long course of its business. I was aware that the redemption of the 20 years permanent loan had been nearly complete, and that consequently the operative strength of the institution had been greatly impaired, and that the burthen of bearing up against this diminution fell chiefly, if not entirely, upon operations with the New York office. I had also been informed, and believed it correct, that the increase of business at the home office, which had taken place of late years, had created a freeer use of the credit of the New York office.

During the summer of 1857, I was absent to the country during August, and returned about the 20th. When I returned, and for sometime before, there was great and increasing astringency in the money market. On inquiring of the president of our bank as to the circumstances of our friends and customers, he remarked that Mr. Ludlow seemed to be in more than usual want. I immediately sent for him, and from some hesitancy on his part, in answering my questions, and giving me a satisfactory reason for wanting unusual funds at this time, I became apprehensive, which iuduced me to visit the office. My fears were increased by observing embarrassment in Mr. Ludlow's manner towards me, which I had never before seen in him. I at once requested him to show me his last report to the Cincinnati office, and in order to have the latest data to enable me to make up my judgment as to the actual condition of things, I requested a fresh balance sheet to be drawn off that night. This, I think, was on Friday, and I then saw that the

office must have efficient aid. After a careful investigation of the balance sheet, which was done in consultation with other disinterested friends of the Company, we concluded that the loss as then developed, would not exceed three hundred thousand dollars, allowing the greatest latitude in respect to the character of the assets as then represented; therefore, after conference with the president of the American Exchange Bank, we decided to pay the checks that had been drawn by the office, taking such collateral security for so doing as the agency could furnish, and I immediately telegraphed to Mr. Stetson, president of the Company, to come here instantly—our object being to sustain the institution till he arrived, and we could, in consultation with him, form some reliable judgment of the position of the institution as a whole. It had been stated to us by Mr. Ludlow, that he had telegraphed the home office to remit freely, and that he was assured that some $300,000 of remittances were then on the way; and upon this examination and assurance we continued to pay the checks as they were presented. All these steps and payments were undertaken in honor of and as a friend of the institution, and with a view to avert a public calamity, such as would inevitably follow the suspension of so important an institution, in the excited state of the money market at that time.

Stetson arrived on Sunday, Aug. 23d, and called, with Ludlow, at my house. On comparing opinions based on the facts then presented to us, having then learned the alarming fact that the books did not show the true condition of the office, for the reason that many transactions were not exhibited in their full character, though the discrepancies had not then been explained to us to anything like the extent afterwards known, and also, that Mr. Stetson then informed us that no remittances to the amount represented above would be forthcoming, we still determined to make one more effort to avert the calamity. We had not then ascertained anything which would impress us with an apprehension that the Company could not meet all its obligations; in fact, we did not look upon the capital of the Company, as represented in its stock, as vitally injured. Accordingly, such an effort was made on Monday morning, pending which our bank continued its friendly offices. By noon, Mr. Stetson reported his decision that suspension was inevitable, and the agency then closed its doors. No information was given by me to any person or corporation, of the fact of failure, or of its being threatened,

except as I had to open the subject with Mr. Stetson to parties whom we were necessarily consulting with, and from whom we solicited aid until after the decision had been fully announced by Mr. Stetson; nor did I, in the progress of negotiations and consultations, use my position to so shape events, as to gain for the American Exchange Bank a preferred position; nor did I, in any manner, use the information I possessed to secure for that bank any undue advantage over other creditors.

Subsequent to the suspension, we were in no wise favored by the Trust Company nor the assignees.

During the last year, since the suspension, my time has been entirely absorbed by the duties of my present position. I have occasionally seen the various gentlemen that have represented the Trust Company since the suspension, and have afforded them such aid and counsel as was in my power, and all the time I could possibly spare, was given, to the best of my knowledge and ability, in assisting them in their endeavors to clear up the tangled condition of the agency; but I have taken no active part in the adjustments and settlements that have since taken place. The precise terms of their settlement with Ludlow, were not communicated to me; nor do I know them. I only heard casually, that Ludlow was to receive a pecuniary discharge.

I never was consulted about a loan to F. M. Wright, Auditor of the State of Ohio, or to Baker, the former Secretary of State; nor did I know that such loan had ever been made; neither do I know, or have ever heard of any loan, payment, allowance, or gratuity of any kind, being given by the Trust Company, or any other party or person, to any officer of the State of Ohio, for their action in connection with the transfer agency, or the depository of the State moneys in this city, or for the purpose of securing the same to the Trust Company.

After I resigned the cashiership of the Trust Company, I became a partner of the firm of Gilbert, Coe & Johnson, and that firm borrowed money of the Trust Company on collaterals. When the firm failed, a settlement took place between the Trust Company and the new firm of Gilbert & Johnson, my interest in the concern having entirely ceased. I am informed and believe, that the indebtedness has been paid in full. In any advice I may have given about my subsequent transactions with Gilbert, or Gilbert & Johnson, I was in no wise influenced by any rela-

tion I formerly held to these parties, nor by any consideration to me personally.

I have seen the opinion of Chancellor Kent, and of Mr. Lord, as to the powers of the Ohio Life Insurance and Trust Company, and its agency in New York; and while I was cashier, and since as trustee, have ever conformed my acts and advice to it. If any violations have occurred, it was done without my knowledge and consent.

As to the London credit being the account of Bell & Grant, I had no special information on the subject; nor was I consulted as to its use. I had nothing to do with the negotiation for this credit, either with Dwight Johnson or any other party; nor do I ever remember that Ludlow ever called upon me for advice or consent upon that subject. I never heard of his bills on London in the market, at least not in such a manner as to attract my attention. The extent of his operations in exchange was a matter of utter astonishment to me, when it was finally revealed to me. While I was cashier, there was a credit upon a London house to the amount of ten thousand pounds sterling, and to be used in case of emergency, but which I used in very few instances; in fact, I discouraged its use in every way I could, and I allowed that credit to expire.

Every loan I ever had of the Trust Company has been paid in cash in full.

I was not consulted about the loan to the Marietta railroad.

I never knew of any advances to Marie & Kantz, or any other broker, for the purpose of protecting the stock of the Trust Company in the stock market.

The amount of stock I held in the Trust Company amounted to fifty shares, being the number of shares necessary to constitute me a trustee. As it was inconvenient for me to pay and own this stock in full, a loan of about $4,000 was made to me, which I have paid as stated above, and now hold the stock. I have had no other stock of the company, nor any transactions in it.

I have an impression that John G. Breslin came, some time in 1856, to my office in the American Exchange Bank, and wanted to make a loan with us, and showed me, I think, domestic stocks of the State of Ohio as collaterals. I declined the loan. Stocks of a similar character, to the amount of $50,000 to $100,000, were afterwards referred to me for information, on which other parties were requested to loan, and I

advised against it from the fact, that domestic stocks of the character these appeared to be, seemed to be out of their natural channel in this market.

Among the collaterals handed to the American Exchange Bank, was one-fortieth share in the Ohio and Mississippi associates contract, which is still held like the other collaterals to be accounted for. $25,000 or $31,000 were said to have been paid on this by Ludlow.

I am under no pledge of secrecy to either the assignees or to Ludlow; nor do I know that such a pledge was given by Ludlow.

The report of May, 1856, now pointed out to me by you, is the report of that date referred to in the above testimony. Subsequently to this report I was shown letters and other evidence from the Cincinnati office, which satisfied me that it had the effect desired, to-wit: a curtailment of the heavy indebtedness from the home office; and as I heard less complaints from Mr. Ludlow, I presumed that the change of policy adopted in pursuance of our report, had been a permanent one.

I do not now remember any further facts material to your investigations, but am ready to give any further information I may possess, upon inquiry from you.

GEO. S. COE.

Taken, sworn to, and subscribed in my presence, before me, in the city of New York, this 23d day of November, 1858.

MOSES B. MACLAY,

{ SEAL } Ohio Commissioner in the city of New York, to take affidavits, duly commissioned and qualified.

Letter of Charles Reemelin, containing a statement made to him by E. Ludlow

NEW YORK, November 13, 1858, noon.

Hon. W. D. Morgan, Newark, O.:

DEAR SIR: I have just left Ludlow on board the steamship Fulton, and he is by this time afloat on his way to Europe. I arrived here last evening at 11 o'clock, and early this morning called at the post office, but found no letter from Ludlow. I then called at H. A. Johnson's, and was there informed that Ludlow was going to Europe by to-day's steamer.

I immediately went on board of the Fulton and soon met Ludlow. He informed me that he had already delayed his voyage too long—that he could not remain any longer, except at a large pecuniary sacrifice to himself—that he desired an examination—that he wanted to tell all, and expects to explain everything fully before our commission, and still more fully in the courts of justice, before whom he could have no reason not to speak out fully. I desired him to make such verbal statement to me on sundry matters as he could before leaving. He was willing to do so, and at once furnished me with the address of his attorneys, and sundry persons having knowledge in the premises. In reply to my inquiries, he informed me that the State stocks hawked about the market by Breslin and Gibson, were domestic script, either having belonged to or belonging to the City Bank of Columbus, and mentioned Soutter of the Bank of the Republic; and Cunard, and J. Thompson, as persons cognizant of the facts. As to the discrepancy of $50,000 of State stocks in the loan of 1856, he said they were reserved for Schell—that the assignees knew all the facts, and that he believed the whole matter was now corrected. The Trust Company should account for every dollar. He mentioned Ackerman as the proper witness in this matter.

The $31,000 of Tiffin and Fort Wayne Railroad bonds, he told me, were got of Gibson.

Ludlow wished me to get a report made by Coe in 1856, on the condition of the Trust Company, in which we would find, that then already he and Coe threatened to resign unless the home office would draw less heavy.

As to the $4,000 Wright and Baker note, he said it had no connection with the loan of 1856,—that it was money loaned to Wright and Baker, and not to Baker alone—that the money was due, honestly due, and that it was unpaid. The $1,000 due from Baker, never was put in a note—it was an open book account. Ludlow expressed a desire to testify, so that a false impression as to Wright's connection with the loan might be removed. He spoke of Baker as a "trifling worthless fellow," and that the word "dare" in his letter, had reference to a transaction between Bull, Corwine, Baker, etc., in which Baker tried to trick him, but failed; and a knowledge he, Ludlow, had of some matters which Bull knew, etc., etc.

He would not tell me where and when the note was given, nor other

particulars, evidently desiring to avoid direct answers. "If," said he, at last, "Wright and Baker got money in the loan transaction, I should not have put it into the assets of the bank, nor put it into that shape,—as in the shape in which it was put, it was sure to be found out."

He informed me, that after the assignees had settled with him, he gave Judge Wright a verbal pledge, who had approached him with a request, "that now, if they in Cincinnati should be forced into a statement, and would say in it, that the losses occurred from 'unauthorized or injudicious loans,' or a milder phrase, if they could find it," that he would say nothing if such phrases were used; that he had written a letter to a friend in Cincinnati stating this fact, who then went into the street and told it, and that by this process it must have got into the attorney's statement for Bell & Grant.

Ludlow told me, "that the great, the only cause, for the failure, was the pressure of the home office on the New York office;" "that *re* discounting of the Cincinnati office bills, and of the Ohio and other banks collection bills, was an old custom of the office;" and "that the London credit was known to the home office, authorized by it, and that its extent must have been known there."

He said further, "that if they (the home trustees) did not know the true state of things in New York, it was because they did not want to know it, and because they were afraid to know the truth,—afraid, because they did not want to share the responsibility of the consequences of their own course." He said "they must have known, and did know him to be a street borrower to a very large amount every day." He said, that his buying Trust Company stock, was at the earnest request and sanction of Bayard, trustee; that the bear seller was Groesbeck of this city; and that the six hundred shares of stock he now had, were bought at the above suggestion; that he afterwards found, that the very stock bought, was Bayard's stock; and that when he asked for 100 per cent. deposit as security for the delivery, the stock itself was tendered him, and that he then found it was Bayard's. Ludlow speaks of heavy losses sustained by him, etc.; and intimates, that in a suit for the individual liability of the trustees, he is and will be an important witness. Ludlow introduced me to Dwight Johnson, the agent of Bell & Grant, London; and also to his lawyers.

I write these things down now, within twenty minutes after I left Lud-

low, so that they may not be lost. I shall now pursue my inquiries further here. I see no reason now why I could not be in Buffalo by the time named by you. Preserve this letter, and write me by return of mail. I shall write again Monday night. I have heard nothing from Edgerton. Truly yours,

CHAS. REEMELIN.

P. S. Ludlow also told me, that the only reason for giving up the property he had given up to the assignees, was, that he was precluded from keeping it, and claiming it as his own, because he had rented it to others as the property of the bank. He also admitted having six hundred shares of Trust Company stock in his possession.

Testimony of John Ackerman, of New York, given November 19, 1858, *before Chas. Reemelin, Commissioner, in reply to his interrogatories.*

John Ackerman deposeth and says:

I was book keeper of the agency in New York, of the Ohio Life Insurance and Trust Company. I had charge of the ledger which contained all the accounts as they came from the debit and credit cash books. The entries in these debit and credit books were made by other clerks, who received the items and information from Mr. Ludlow. The manner of doing business was thus, in the agency: Ludlow received the letters twice a day, and examined their contents, to see that they corresponded with the letter. After this examination by Ludlow, he would hand the letters, with contents, to the entry clerk. The cash drafts and other remittances were at once entered in the cash credit book; and the time drafts were handed for entry to the note clerk, who entered them in his "tickler" or bill book, under the dates on which they became due. They were thus entered into but two books—that is, each class to the respective book, as our business was so heavy as to render a more minute sub-division and classification nearly impossible. The time drafts were credited to the proper party on the day they fell due. The runners of the bank collected all drafts, and they either returned the drafts, or the cash for them, we having at the office a statement of the drafts handed to them for collection. The cash was handed to the deposit clerk, who checked

the same with the cash book to see that they were correct; those that were not paid by three o'clock, were handed to the notary, and marked protested on the books, or simply erased, by erasing the amount. The total debits and credits of each cash book of each day, were debited and credited each day to the cash account on the ledger, and once every two weeks the balance on the ledger was struck for that account. To prove the cash, the paying teller debited his bank accounts with the deposits, and credited them with the amount of checks drawn. His balance and the balance of cash account in the ledger, must and always did agree. No cash could be, under our rules, nor was ever to my knowledge, drawn except through the paying teller, who filled up the checks, and generally signed them. The cash account always corresponded.

During the day, if found necessary to meet all payments due that day, Mr. Ludlow would borrow in the street, and the money so borrowed was credited to the party as Ludlow directed, the clerks not knowing anything except as Mr. Ludlow informed them. For instance: he would borrow say $50,000, and hand the clerk the check for the money, and say credit this to the Cleveland and Pittsburgh Railroad, as if it had been borrowed by that road; the money having perhaps been borrowed for it by Ludlow, and as we received it into our cash account, it was debited to it; and when the loan would be repaid, the Cleveland and Pittsburgh Railroad would be charged, and "cash" credited. Any collaterals pledged for loans in the street were obtained from the note clerk, and by him entered on a separate memorandum book, marking in pencil on the bill book the party who held it. The same process was gone through with, both for the bills of our own home office, and those belonging to other parties. No bills could be, nor ever were sent out of the office, except with the knowledge of the clerk in whose possession they were. Drafts were paid at the counter by checks on our bank accounts, and no other way, and no money could go out, nor did go out, except by this process, unless by downright purloining them. The home office, and all our correspondents were charged with payments the day they were made, and credited with any remittances on the day on which cash was realized.

I made up the semi-monthly balance sheets or statements for the home office. They were always correctly taken from the books, and correctly transcribed, and then forwarded to the office. Occasionally alterations were made by direction of Mr. Ludlow after I took them off

the books. The books generally squared. The balance of every account was stated by me in these statements exactly as it was on the books. The general accounts were in the general statement, but there was always made up a separate statement of the individual accounts, containing each account, and the aggregate of this latter statement was entered at the foot of the general statement. The amounts due to or from banks were in the general statement with the name of the bank, and in the same statements were also the names of our western correspondents; also, interest, profit and loss, call loans, amount due from home office, and such other general accounts as were deemed proper to be put into it; the special statement containing that of individuals and temporary accounts. These statements were made in such form as Ludlow directed, and loans were made the day before to cover any balance which he did not wish the home office to know; for instance, he or any party would be owing the bank a balance, and he would borrow temporarily, and place the money borrowed to their credit, and after the statement was made, replace the account as it stood before. This was done only occasionally. The person from whom the money was borrowed, in the latter or the above stated cases, would charge the money to the Trust Company; and thus it has happened, that our accounts and those of others dealing with us, did not and do not agree.

In drawing on London, it was done through a separate clerk, the entries on the cash book being made by the direction of Mr. Ludlow. The proceeds of drafts drawn on Bell & Grant would be credited to somebody, but not always to Bell & Grant; and for this reason that account did not, in the balance sheets to the home office, exhibit exactly as it really stood. For the purpose of remitting to Bell & Grant, Ludlow would buy bills, and these would generally be charged to Bell & Grant. The $96.444 44 no doubt represent a twenty thousand pound draft purchased of Lee & Co., as a means to raise money, and it was credited to Cleveland and Pittsburgh, as explained above, for street loans. In this way the Cleveland and Pittsburgh Railroad account stood generally nearly balanced.

For the purpose of not swelling his interest account, Ludlow would direct (the clerks not knowing the real facts), interest paid to be charged to the parties to whom it was paid as money loaned, or simply in loan

account; and I suppose the item of $13,777 58, which you point out to me, had such an origin.

The errors complained of by western banks, arose generally in time bills, as follows: The western banks would change their officers, and remittances would go to the credit of the wrong bank, as the cashiers would only back the bills without naming the bank of which they were at the time cashier. Our clerical force was always inadequate, and the large business we were doing compelled all of us to act with great rapidity, whereby the correctness of our accounts was interfered with.

I was not aware of the desperate condition of the agency previous to its failure. I knew that there were discrepancies in accounts with our western correspondents, but the true condition of the accounts with the Cleveland and Pittsburgh Railroad Company, Bell & Grant, and all the brokers and bankers from whom the large loans were made, I did not know. I supposed them correct, as they were on the books. I saw that there was heavy borrowing nearly every day, but Ludlow kept shifting them, so as to make them appear like regular transactions. Ludlow was always prompt in meeting every loan made by him when called for.

The entries called "false" in the assignees' statement shown to me, were false as above explained, loans being credited to the wrong parties.

I continued in the employ of the company after the suspension, and assisted Messrs. Stetson, Broadwell and Bishop in straightening the accounts. We found in full one-half of our western accounts discrepancies, which have now generally been corrected. The account of the Cleveland and Pittsburgh Railroad turned out entirely different from what it was on the books, after we had charged them with all payments made for them, and credited them with all received on their account. I do not remember the difference, but it was large. The same is true of the accounts of Bell & Grant, and other bankers and brokers. After suspension, we would correct our books by those of our customers, and then would credit, for instance, Beebe & Co. with loans made of them, which, in our books, stood credited to the Cleveland and Pittsburgh Railroad Company.

I knew that Ludlow was dealing in Cleveland and Pittsburgh Railroad stock, but believed it to be to only a small extent. I knew that he was their transfer agent, as was publicly known, and I think to the office in

Cincinnati. I did not know that Ludlow was protecting it in the stock market.

Ludlow's dealings in Trust Company stock were unknown to me, except to a very small extent, say 200 or 300 shares at the outside. These transactions stood on our books in the names of the brokers who purchased for Ludlow.

I knew that Ludlow, with others, had purchased a lot of bonds from the Dayton and Hamilton Railroad Company, and that somehow it rested on his shoulders to raise the money to pay for them. The calculation was to sell them as fast as the payment would be expected of them; but this expectation was not realized, and doubtless it pressed heavy on Ludlow. The amount he carried and paid for to the company was $160,000 for $200,000 of bonds. Mr. Stedman was one of the parties, and there were others whom I do not know.

In my opinion, after a careful review of the facts in my knowledge, principally obtained since the suspension, the connection with the Cleveland and Pittsburgh Railroad, and the Trust Company stock purchases, were the heavy causes that ultimately weighed the agency down.

I made no entries, as before explained, of collaterals to loans, and cannot therefore furnish the amount nor description of securities handed to the American Exchange Bank, or other banks or bankers, either the day before the suspension, or at any time. I knew that large amounts were handed over to the American Exchange Bank on Friday preceding the failure, the object being, as stated by Ludlow, to secure that bank for the overdraft, and to induce it to carry the agency through. The last deposits made to the American Exchange Bank were made about twelve o'clock on Monday, August 24. They paid a few of our checks early on Monday morning. I do not know when they stopped paying. Our Saturday checks went through the clearing house, and were not presented to that bank, nor any other, before Monday about noon. They were returned not paid. At the time of the suspension a large balance was due them—about $400,000—for which they were covered by collaterals, obtained as above stated. Our checks on Saturday were almost entirely on the American Exchange Bank. I do not remember the amount of the checks refused to be paid by that bank. The entire amount of outstanding checks was about $186,000.

No check was drawn after the 24th of August, nor no money was

paid to any person, and if H. A. Johnson & Co. received, or appear to receive, $10,000 on the 31st of August, for a loan made Saturday, August 22, it must have been by a cross entry, charging their loan to some account, and was perhaps assumed by Ludlow, and paid by him in some way. I do not now remember any such transaction.

I was called upon by Mr. Coe to make a balance sheet of the books, which I made out over night on Friday to Saturday, and handed it to Mr. Coe on Saturday morning, myself; Mr. Coe believing that it contained a true exhibit of the condition of the agency. Mr. Coe asked no explanations from me, though if he had asked me, I would not then have hesitated to have said, that $250,000 would, at the outside, have covered every loss. I knew that the agency was short of money, and had been for two or three months. It may have looked a little heavier on that day, but I had no serious fears of a suspension, nor did I anticipate such an event.

Mr. Ludlow was no book-keeper, nor was he familiar with our accounts; and it is my opinion, that he did not realize, in his own mind, the actual state of things. He was driven by events which he could not control, and his troubles must have existed for nine months previous. Doubtless they increased toward the end. Mr. Ludlow never made such an examination of the affairs of the bank as would give him a comprehensive view; nor did any person for him; and his operations were struggles without definite plan or system. The accounts, as found after suspension, exhibited this in a striking light, as evidently Mr. Ludlow did not understand the general bearing of them. He was unable to give satisfactory explanations, and his memory had to be aided by evidences obtained in our books, and outside of them.

Of the transaction with Atwood & Co., and the Auditor of the State of Ohio, about $100,000 of the Ohio State stocks, I only know that $90,000 was borrowed of the Bowery Savings Bank by depositing them as collaterals, and that a little over $62,000 was paid to Atwood & Co.

As to the loan of $4,000 and $1,000 to Wright, I can only say that there was such a charge on the ledger—the $4,000 and $1,000—the one standing in the name of J. Wright, and the other F. M. Wright. I made the entry as I found it in the cash book.

The loan statements, exhibiting the name of the person to whom the loan was made, and also the collaterals pledged, as well as the amount,

were made out by J. Ludlow Dumont. Mr. Carr, paying teller, kept the loan book. I was not, and am not aware, that Ludlow was loaning money to persons without collateral security.

The special account of Ludlow was an account of borrowed money, in which sums borrowed were credited by direction of Ludlow, that should have been credited to the persons from whom it was borrowed.

The Cleveland and Pittsburgh railroad stock account was, as far as I knew, the result of stock sales, with a view to purchase iron under the Gilbert contract.

The Cleveland and Pittsburgh Railroad coupon account was latterly kept separate, to show the interest paid by us for them. The account showed low in the balance sheets, for reasons already explained.

The swelling of the interest, expense and profit and loss accounts, were doubtless in part from heavier borrowings. Our expenses were higher for clerks, and rent, and the rate of interest had also increased.

I know of no money paid by Ludlow from the agency to newspapers for puffs of Trust Company or other stock. There were entries of a small amount, for an explanatory article of the accident at Alliance. I do not know why these items were paid by the agency.

The alterations in the semi-monthly statements made by direction of Ludlow, as above stated, would occur when any account showed a larger debit than he liked. I would remonstrate, as a mode of business not correct; but Mr. Ludlow would insist on the alteration, promising it would be the last time.

During Mr. Rockwell's cashiership, a favorable appearance would be given to the semi-monthly statements in another way. Instead of returning the full amount of loans out on call, he would direct me to deduct the money borrowed in the streets, so that the home office did not know the amount of street borrowings; Mr. Rockwell also contending, that to do so, was giving the home office the information necessary to enable them to understand the real earnings of the New York office. Mr. Rockwell would explain his object in this wise: If we return the entire amount of money we have out on call loans, our complaints of their drawing so heavily upon us will be answered, by asking us to call in our loans; while, if we report the net balance of loans, after deducting our own borrowings, it will give them the exact sum upon which we can rely to raise money.

When Rockwell went out of the office, there were heavy call loans due from parties on railroad stocks generally, which could not then have been called in without great loss. Many of them have been gradually changed, and some have been paid. Mr. Ludlow informed me, that Rockwell owed him a considerable amount when he became cashier.

One of my loans is secured by Cincinnati and Indianapolis Railroad stock, one by Dayton and Hamilton and the other by 100 shares of Cleveland and Pittsburgh Railroad stock, and two bonds of $1,000 each of Madison and Indianapolis Railroad. The loans, some $9,700 altogether, were made to me by Rockwell; $3,500 on 100 shares of Cleveland and Pittsburgh Railroad stock, and two Madison bonds; the one of $3,731.25, by Ludlow, on 50 shares of Cincinnati, Hamilton and Dayton Railroad; and a loan of $2,500 on 100 shares of Indianapolis and Cincinnati Railroad, by Ludlow also. The stocks and bonds were bought by me to lay up money, and to make a permanent investment. I have paid $2,600 on these loans. The collaterals are with the American Exchange Bank, having been placed there by Ludlow.

The administration, during Mr. Coe's time, was as correct and straight as can possibly be. The amount of business was much smaller, and everything was kept snug; and I believe every dollar out on call loan when Coe left, could have been collected without loss—in fact, they are all collected, except $10,000 to J. S. Atwood, on 100 shares of Chillicothe Bank stock. When Mr. Coe became cashier, there existed loans due from persons in Ohio—some of whom were trustees. He insisted that these loans should be paid, and they were paid; Mr. Coe requiring the means he had to work with to be in a shape always reliable, as real bona fide loans always ready on call.

JOHN ACKERMAN.

State of New York; City and county of New York:

Be it remembered, that this nineteenth day of November, 1858, appeared before me, John Ackerman, and subscribed the foregoing affidavit, and made oath to the truth of the same.

In withess whereof, I have hereunto subscribed my name, and affixed my official seal, the day and year aforesaid.

BERNARD ROELKER,

[SEAL.] *Commissioner for the State of Ohio in New York.*

Testimony of Frank S. Bond, of New York, formerly of Cincinnati, taken in reply to interrogatories, before Charles Reemelin, Commissioner, Dec. 11, 1858.

Frank S. Bond, after being duly sworn, deposeth and says:

I made a negotiation with the Cincinnati, Dayton & Hamilton Railroad Company, for $400,000 of its second mortgage bonds, of the issue redeemable in 1880. This was in July, 1856. There were four parties originally associated together in the purchase, one of whom was Ludlow. The original parties were intended to be Satterthwaite, of London, C. J Steadman, of New York, S. Fosdick and Edwin Ludlow. After the purchase, Mr. G. Steadman, of New York, was substituted for Mr. Satterthwaite.

The terms of the purchase were, that these bonds should be paid for as follows: $55,800, August 1, 1856, and $66,800, with interest, on the first days of the months of September, October, November and December following; for which deferred payments, notes were given by the several parties, and I have undoubted evidence that they were paid through Mr. Steadman, of New York, for I settled Mr. Steadman's account with the Company. Mr. Steadman was the trustee for all the purchasers, and by the terms of the agreement, all the bonds were placed in the trustee's hands, the understanding being that they should be sold through the house of E. F. Satterthwaite & Co. of London, and that house was to advance $100,000 if necessary, and I was so told by Mr. Steadman, and I think also by Ludlow, at the time, and my correspondence with the parties at the time corroborates the statement. No bonds could, under the trustee contract, be withdrawn by any party, until after a given time, and then only on his paying his full share of the purchase money.

As the bonds could not be sold at a satisfactory price in this country, the trustee requested Mr. Ludlow to call on Mr. Satterthwaite to carry out the original stipulation, and to procure the $100,000 as above. He called on Ludlow for the money from time to time, and received it, supposing it as coming from London. $200,000 of the bonds were given to Mr. Ludlow in $50,000 parcels, to be notaried and forwarded to Satterthwaite, in London, to be sold as already stated. By the terms of the agreement, the trustee had the right to, and did, call upon the associate

purchasers for the payment of their quota as above explained, and accordingly called on Ludlow, as on the rest, for his share, which was paid. On the 10th of April, 1857, Mr. Steadman received a letter from Ludlow, stating that he could sell $10,000 of the bonds at 83 and interest, and when Mr. Steadman delivered them, Ludlow said he could sell $10,000 more at the same price, and accordingly delivered these, $20,000 in all. Mr. Steadman called a few days afterwards for the money, but was told that the negotiation had fallen through, and that he, Ludlow, had left the bonds with Marie & Kantz, as they had acted in the matter already. Mr. Steadman was afterwards, when calling for the money on the bonds, put off under various pretenses.

When the Trust Company failed, Mr. Steadman was sent for from New Hampshire, and on inquiry then made, was told by Ludlow that his private box with the remaining bonds was all safe. Subsequently, he found that some of the bonds had been used, and on examining the box found 100 of the bonds missing. These bonds were found hypothecated for loans, with Trust Company securities. He also ascertained that the 200 to be sent to London, and also the 20 said to be at Marie & Kantz, were pledged with four different parties, being mixed up with Trust Company property, and for loans for that Company, or for E. Ludlow.

On examining the books, and being told of a Cincinnati, Hamilton & Dayton Railroad Company special account, which was claimed to relate to this bond matter, we found charged to that account not only the sums supposed to have come from Satterthwaite in London, but also all the money paid by Ludlow, as associate purchaser, together with various other items that we knew nothing of—the whole amount charged footing up a very large aggregate.

So far as the associates or their trustee, outside of Ludlow, knew, the Trust Company had no connection of any kind with the matter, and no advances of any kind were expected, or known to them to have come from the Trust Company.

Ludlow paid some $55,000, and this sum was his legitimate share, and as far as we know, paid from his private means. The $100,000 were, as already stated, believed to have come from London.

It seems that Ludlow took the money for his own share from the Trust Company funds, and under some arrangement with Mr. Gilbert and J.

A. Thompson & Co., in London, had drawn sterling bills on them, which were sold, and from the proceeds of which he covered the payments made to Mr. Steadman for the amount supposed to have come from Satterthwaite, in London.

If you have been told, that, through this transaction, mismanaged though as it was by Ludlow, and also contrary to our understanding, the Trust Company funds have been used in excess of money realized from the transactions, it is a false view of the subject. The real fact is, that the Trust Company has received $215,000 at least, and only paid out $160,000.

The bonds were never hypothecated with Ludlow, nor the Trust Company, nor with any person whatever, and all that Ludlow did in the premises, was wholly unauthorized and unknown to the trustee. The true nature of the Cincinnati, Hamilton & Dayton Railroad Company special account was totally unknown to all the parties in interest, except Ludlow, and as the Cincinnati, Hamilton & Dayton Railroad Company kept her accounts at the Trust Company, it being the Treasurer of the Cincinnati, Hamilton & Dayton Railroad Company, it would have led to no special notice, and been presumed to have been a legitimate and perfectly proper account with that Company.

The facts above stated, are true of my own knowledge, except such as I have stated on information, and those I believe to be true.

FRANK. S. BOND,
21 Nassau St., New York.

NEW YORK, Dec. 30, 1858.

Charles Reemelin, Esq., Columbus.

Dear Sir: In accordance with your request, I give below a copy of the answer given by Mr. Charles J. Steadman, to the following question asked him while under examination before a Commission for the State of New York:

"*Question.* Was you a trustee of the Ohio Life Insurance and Trust Company, and did you take any active part in the management of the Company?

"*Answer.* I was a trustee of the Ohio Life Insurance & Trust Company, but did not take any active part in the management of the Company, as it has never been the custom of the Eastern Trustees to do so.

There were but *five* of them out of *twenty*. As there were no regular meetings of the Board of Trustees held in New York, they were merely expected to act as advisers when called upon, and had no power to meet together to direct the affairs of the Company, except at Cincinnati, where a majority of the trustees resided, and where they held regular daily meetings."

The above is copied from an affidavit of Mr. Steadman's taken before the Commisson on the 13th day of September, 1858. He died on the 22d of the same month.

Yours, very truly,

FRANK S. BOND,
21 Nassau Street.

LETTERS FROM THE ACTING FUND COMMISSIONER TO SAMUEL T. BULL, TRANSFER AGENT, NEW YORK.

OFFICE OF THE FUND COMMISSIONERS,
COLUMBUS, O., July, 1856.

Messrs. Saml. T. Bull, Transfer Agent, and E. Ludlow, Cashier, New York City:

GENTLEMEN:—I have just had an interview with the Attorney General, Mr. Kimball, in regard to the sale of bonds, to meet the debt that becomes due January 1, 1857. The conclusions at which we arrived, I herewith communicate. It is unnecessary to remark, that the magnitude of the interests involved renders it of the utmost importance to the State, that her interests should be carefully guarded, and her *credit* jealously maintained. My object in writing at present, is, not so much to *direct*, as to advise, as to the best method of placing the new certificates in the market, without impairing the value heretofore attached to the credit of the State. In my reflections on this subject, I have not been able to arrive at any conclusions entirely satisfactory to my own mind, but shall proceed to give my views, for the purpose of eliciting concurring sentiments on your part, or arguments showing the fallacy of my own. The object of the issue of new certificates being to redeem the five and six per cent. stocks becoming due after 1856, amounting to $2,508,709 79, it has been suggested that we give notice that proposals will be received up to a certain day for the new loan, and at the same time notify the holders of bonds becoming due after 1856, that interest thereon will cease after January 1, 1857, intimating thereby, that we are prepared to redeem them at that date. Now, my objection to such a course is this: it at once says to capitalists, that the State must have the money at a given time, and combinations may be formed in Wall street and elsewhere detrimental to the interests of the State. In my judgment, the safest and most feasible plan is this: Give notice for proposals, as suggested, and so soon as a contract or contracts shall have been concluded sufficient

to meet the amount required, *then* give notice to the bondholders of the stock of 1856, that at and after a given time, interest on their certificates will cease, thereby requiring them to be presented for redemption.

In this view of the case, it will be necessary to require the payment at the time of contracting, by the parties making the contract, of an amount sufficient to guarantee a faithful compliance with the conditions of the same, say 10 per cent., and stipulating and requiring that the money shall be paid as fast as the bonds are presented for redemption, the parties to the contract paying interest on all bonds after January 1, 1857, if presented before the day announced on which interest is to cease. The whole amount then not paid by the contractors, to be placed at the disposal of the State at that date, the new bonds to bear interest at 6 per cent., and date from January 1, 1857, payable after 1886.

What would you think of a proposition to take the whole loan at 6 per cent, pay on the 1st September 10 per cent. as a guarantee for the payment of the whole on 1st January, 1857; or of a proposition agreeing now to pay on 1st September the highest market price for Ohio bonds of 1875; or an agreement to take the whole amount at 6 per cent., giving satisfactory security to the State that the money shall be forthcoming on the 1st January, 1857, and as fast thereafter as the bonds shall be presented for redemption. The new certificates to be offered in market in such quantities and at such times as the purchaser and agent of the State may think best, so that all are sold within one year. All profits over 6 per cent. to be divided with the State. I have no distinct propositions like the above offered, but I have intimations from a gentleman (who probably speaks for a well known capitalist of New York), that such propositions may be made, and who desires them considered.

I desire that you should reply to this at length, giving your own views on the subjects herein contained, and of those I have advanced.

I remain, yours truly,

F. M. WRIGHT, Acting Com'r.

P. S. SAMUEL T. BULL, Esq.:

Dear Sir: In a few days I will send you a box containing the various laws, reports, documents, &c., bearing on this subject.

F. M. W.

AUDITOR OF STATE'S OFFICE, OHIO,
COLUMBUS, Sept. 3, 1856.

S. T. Bull, Esq., Transfer Agent, New York:

DEAR SIR: I am in receipt of yours of 1st inst., and have this day forwarded to your address by express, one box, containing Swan's Statutes up to 1854, the laws of 1855 and '56, containing the information you desired, together with several other reports, &c., which may be useful to you for reference.

I shall be in New York from and after the 20th inst. I was not prepared to hear that leading bankers were of opinion that the new loan would in all probability bring little or nothing over *par*. I am in receipt of several confidential letters on this subject, which I may submit for your inspection when I reach New York.

The proposition to which I alluded in my letter of July, 1856, as having been made, was in the *shape of an inquiry*, asking whether a contract as indicated, could be closed before the public notice, or without giving it. The same individual is still figuring, and will make a written proposition for the whole loan, and still professes to be ready to close a contract on the terms indicated in my letter, above referred to.

I am at a loss to understand the latter paragraph of your letter, for if I correctly apprehend you, you treat what I asked as a *question*, as a *proposition from me to you to take the whole loan at 6 per cent.*, and wish to know whether it is to be considered as still in force, and so to be considered until revoked. Now, I never intended to make the Trust Company, or any other company, firm or person, any proposition on the subject; but simply meant to ask your opinion in regard to a proposition which had been made to me.

I certainly should be much pleased if the Trust Company should feel disposed to make that or any other bid, but I do not feel justified in making such propositions.

If there is anything, then, that I do not understand in this matter, please correct me. And if you are of opinion that the interest of the State would be advanced by either of the Commissioners being in New York at an earlier day than the day before named (20th Sept.,) please advise us.

Very respectfully, &c.,

F. M. WRIGHT,
Acting Fund Commissioner.

OFFICE OF COMMISSIONERS OF SINKING FUND,
COLUMBUS, O., March 8, 1858.

E. Ludlow, Esq.:

DEAR SIR: Your favor of March 4th is received. By reference to the books of the bank department, I find that I took with me to New York for Champaign County Bank, $11,000 stocks '56, Stark County Bank $11,470, and Merchants' Bank of Massillon $4,500, making in all $26,970 of the stocks of 1856. These banks had made some arrangement with Mr. Gibson, by which he was to furnish them with stocks of 1886. I had the certificates of 1856 cancelled by Mr. Bull, and received checks for the amount, which I indorsed to Mr. Gibson, and received from him stocks of 1886. All premiums, &c., were of course paid through Mr. Gibson, as I understood from the banks. I will reply to your note of January 19, in a few days. I have delayed writing in order to see the Governor's answer to certain resolutions touching the same matter.

Yours, respectfully,

(Signed) F. M. WRIGHT, Acting Com'r.
By Hulburd.

Pres.

Hon. E. J. Marshall

Compliments